U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Commission File No.: 0-30718

SIERRA WIRELESS, INC.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

Primary Standard Industrial Classification Code (if applicable): 3663

I.R.S. Employer Identification Number (if applicable): 94-3338019

13811 Wireless Way, Richmond
British Columbia, Canada V6V 3A4
(604) 231-1100
(Address and telephone number of principal executive offices)

CT Corporation
111 Eighth Avenue
New York, New York 10011
(212) 894-8940
(Agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without par value
(Title of Class)

Name of exchange on which securities are registered:
Toronto Stock Exchange, The Nasdaq Global Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:
☑ Annual Information Form ☑ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **32,337,201 Common Shares, without par value, as at December 31, 2015**

Indicate by check mark whether the Registrant, by filing the information contained in this Form, is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), If "yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.
☐ Yes 82 - ☑ No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☑ No ☐

A. Disclosure Controls and Procedures

Disclosure controls and procedures are defined by the Securities and Exchange Commission (the "Commission") as those controls and other procedures that are designed to ensure that information required to be disclosed by the Registrant in reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Registrant's disclosure controls and procedures and have determined that such disclosure controls and procedures were effective as of the end of the period covered by this Annual Report. A discussion of the Registrant's disclosure controls and procedures can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, filed as Exhibit No. 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures".

B. Management's Annual Report on Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, filed as Exhibit No. 1.3 to this Annual Report, under the heading "Internal Control Over Financial Reporting — Management's Annual Report on Internal Control Over Financial Reporting".

C. Attestation Report of the Registered Public Accounting Firm

The attestation report of KPMG LLP ("KPMG"), the independent registered public accounting firm of the Registrant, is included in KPMG's report, dated February 29**,** 2016, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended December 31, 2015, filed as Exhibit 1.2 to this Annual Report.

D. Changes in Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, filed as Exhibit No. 1.3 to this Annual Report, under the heading "Internal Control Over Financial Reporting — Management's Annual Report on Internal Control Over Financial Reporting".

E. Notice of Pension Fund Blackout Period

The Registrant was not required by Rule 104 of Regulation BTR to send any notice to any of its directors or executive officers during the fiscal year ended December 31, 2015.

F. Audit Committee Financial Expert

The Registrant's Board of Directors has determined that Robin A. Abrams is the audit committee financial expert, within the meaning of General Instruction B(8)(b) of Form 40-F. Ms. Abrams is independent within the meaning of Rule 10A-3 under the Exchange Act and as that term is defined by the rules and regulations of The NASDAQ Stock Market LLC. ("NASDAQ").

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an “expert” for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the Audit Committee and the Board of Directors who do not carry this designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

G. Code of Ethics

See Annual Information Form dated February 29, 2016, filed as Exhibit No. 1.1 to this Annual Report, under the heading “Code of Business Conduct”. A copy of the Code of Business Conduct (the “Code”) may be obtained at www.sierrawireless.com. The Registrant will provide a copy of the Code without charge to any person that requests a copy by contacting the Corporate Secretary at the address that appears on the cover of this Annual Report on Form 40-F.

H. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by KPMG for the fiscal years ended December 31, 2015 and 2014, for professional services rendered by KPMG for the audit of the Registrant’s annual financial statements or services that are normally provided by KPMG in connection with statutory and regulatory filings or engagements for such fiscal years were $957,115 and $988,468, respectively.

Audit-Related Fees

The aggregate fees billed by KPMG for the fiscal years ended December 31, 2015 and 2014, for assurance and related services rendered by KPMG that are reasonably related to the performance of the audit or review of the Registrant’s financial statements and are not reported above as audit fees were $1,564 and $1,834, respectively.

Tax Fees

The aggregate fees billed by KPMG for the fiscal years ended December 31, 2015 and 2014, for professional services rendered by KPMG for tax compliance, tax advice, transfer pricing services, tax planning and other services were $8,133 and $12,780, respectively.

Tax fees for 2015 and 2014 were primarily for general tax consultation and tax compliance matters.

All Other Fees

There were no additional fees billed by KPMG for the fiscal years ended December 31, 2015 and 2014.

Audit Committee Pre-Approval Policies and Procedures

Since the enactment of the Sarbanes-Oxley Act of 2002 on July 30, 2002, all audit and non-audit services performed by the Registrant’s outside auditors are pre-approved by the audit committee of the Registrant.

I. Off-Balance Sheet Arrangements

The Registrant is not a party to any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

J. Tabular Disclosure of Contractual Obligations

See Management’s Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, filed as Exhibit No. 1.3 to this Annual Report, under the heading “Liquidity and Capital Resources - Cash Requirements”.

K. Identification of Audit Committee

The Registrant has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act comprised of four individuals: Robin A. Abrams (Chair), Paul G. Cataford, Charles E. Levine and Thomas Sieber. Each of the members of the audit committee is independent, within the meaning of Rule 10A-3 under the Exchange Act and as that term is defined by the rules and regulations of the NASDAQ.

L. Critical Accounting Policies

A discussion of the Registrant's critical accounting policies can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, filed as Exhibit No. 1.3 to this Annual Report, under the heading "Critical Accounting Policies and Estimates".

M. NASDAQ Exemptions

The rules and regulations of the NASDAQ require each listed issuer to provide that a quorum for its shareholders' meetings be at least 33 1/3 percent of the issuer's outstanding shares. The Registrant has been granted an exemption from this requirement because it is contrary to generally accepted business practices in Canada, the Registrant's country of domicile. The Registrant has had the benefit of this exemption in the current and prior years.

In determining whether a requirement is contrary to generally accepted business practices, the NASDAQ rules generally look to the requirements of the primary market in the issuer's country of domicile. The rules and policies of the Toronto Stock Exchange, the primary market in Canada, do not contain quorum requirements, and the *Canada Business Corporations Act*, the Registrant's governing statute, defers to the quorum requirements contained in an issuer's By-laws. Under the Registrant's By-laws, a quorum for a meeting of the Registrant's shareholders is two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

N. Interactive Data File

Concurrent with this filing, the Registrant has submitted to the Commission and posted on its corporate website, an Interactive Data File.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

A Form F-X, as amended, signed by the Registrant and the Registrant’s agent for service of process with respect to the Common Shares has previously been filed with the Commission. Any change to the name or address of the Registrant’s agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

SIERRA WIRELESS, INC.
(Registrant)

/s/ David G. McLennan

David G. McLennan
Chief Financial Officer and Secretary

Date: March 1, 2016

EXHIBIT INDEX

Exhibit No.	Document
1.1	Annual Information Form for the fiscal year ended December 31, 2015, dated February 29, 2016
1.2	Audited Consolidated Financial Statements for the fiscal year ended December 31, 2015, prepared in accordance with U.S. generally accepted accounting principles
1.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015
23.1	Consent of KPMG LLP
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive Data File

SIERRA WIRELESS, INC.
ANNUAL INFORMATION FORM
For the Fiscal Year Ended December 31, 2015

DATED February 29, 2016

ANNUAL INFORMATION FORM

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Cautionary Note Regarding Forward-looking Statements

Certain statements and information in this Annual Information Form ("AIF") 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 our business outlook for the short and longer term and statements regarding our strategy, plans and future operating performance. Forward-looking statements are provided to help you understand our views of our short and longer term plans, expectations and prospects. We caution you that forward-looking statements may not be appropriate for other purposes.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not promises or guarantees of future performance, they represent our current views and may change significantly. 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:

- *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;*
- *our ability to integrate acquired business and realize expected benefits;*
- *expected deployment of next generation networks by wireless network operators;*
- *our operations not being adversely disrupted by component shortages or other development, operating or regulatory risks; and*
- *expected tax rates and foreign exchange rates;*

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ significantly from those expressed or implied in our forward-looking statements, including, without limitation:

- *competition from new or established service providers or from those with greater resources;*
- *disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with acquisitions or divestitures;*
- *the loss of any of our significant customers;*
- *cyber-attacks or other breaches of our information technology security;*
- *we may be found to infringe on intellectual property rights of others;*
- *we may not be able to obtain necessary rights to use software or components supplied by third parties;*
- *we may be unable to enforce our intellectual property rights;*
- *our ability to attract or retain key personnel;*
- *we may experience difficulty responding to changing technology, industry standards and customer requirements;*
- *our financial results are subject to fluctuation;*
- *difficult or uncertain global economic conditions;*
- *unanticipated costs associated with litigation or settlements;*
- *failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects or other quality issues;*
- *our dependence on a limited number of third party manufacturers;*
- *our reliance on single source suppliers for certain components used in our products;*

- *our dependence on wireless network carriers to promote and offer acceptable wireless data services;*
- *risks related to contractual disputes with counterparties;*
- *we are subject to governmental regulation;*
- *the transmission, use and disclosure of user data and personal information could give rise to liability or additional costs; and*
- *we have operations outside of North America and therefore are subject to risks inherent in foreign jurisdictions.*

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to below under "Risks and Uncertainties" and those referred to in our other regulatory filings with the U.S. Securities and Exchange Commission (the "SEC") in the United States and the provincial securities commissions in Canada.

Our forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

CURRENCY

Unless otherwise indicated, all figures are stated in U.S. dollars.

CORPORATE STRUCTURE

Unless the context otherwise indicates, references to “we”, “our”, “us”, “the Company”, “the Corporation” or “Sierra Wireless” in this Annual Information Form means Sierra Wireless, Inc. and its subsidiaries.

Sierra Wireless was incorporated under the *Canada Business Corporations Act* on May 31, 1993. The Articles of Sierra Wireless were amended by a Certificate of Amendment issued March 29, 1999 to remove the private company provisions and restrictions on share transfer. The Articles of the Company were further amended by Certificates of Amendment issued May 13, 1999 and May 14, 1999 to: (i) re-designate and change all existing Common Shares in the capital of the Company to new Common Shares in the capital of the Company (the “Common Shares”); (ii) change the rights attached to all Preference Shares in the capital of the Company (the “Preference Shares”) and to remove each existing series of Preference Shares; and (iii) consolidate the Common Shares on the basis of one post-consolidation Common Share for 1.5 pre-consolidation Common Shares.

The Company’s registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3 and its head office and principal place of business is located at 13811 Wireless Way, Richmond, British Columbia, Canada, V6V 3A4.

The following table lists the principal subsidiaries of Sierra Wireless and their jurisdictions of incorporation or organization. All such entities are 100% owned, directly or indirectly, by Sierra Wireless.

Name	**Jurisdiction of Incorporation or Organization**
Sierra Wireless America, Inc.	Delaware, U.S.A.
Sierra Wireless France SAS	France
Sierra Wireless Luxembourg S.à.r.l.	Luxembourg
Sierra Wireless S.A.	France
Sierra Wireless Hong Kong Limited	Hong Kong
Wireless Maingate Nordic AB	Sweden

Subsidiaries with total assets and revenues less than 10 per cent, and in the aggregate less than 20 per cent, of total consolidated assets or total consolidated revenue are excluded from the list.

GENERAL DEVELOPMENT OF THE BUSINESS

Sierra Wireless is building the Internet of Things (“IoT”) with intelligent wireless solutions that empower organizations to innovate in the connected world. We offer the industry’s most comprehensive portfolio of second generation ("2G"), third generation ("3G"), and fourth generation ("4G") cellular embedded wireless modules and gateways, seamlessly integrated with our secure cloud and connectivity services. Original Equipment Manufacturers ("OEMs") and enterprises worldwide trust our innovative cellular solutions to get their connected products and services to market faster.

In 2015 we significantly advanced our device-to-cloud strategy by successfully completing three acquisitions and rapidly expanding our cloud and connectivity services business. On January 16, 2015 we acquired all of the shares of Wireless Maingate AB ("Maingate"), a provider of M2M connectivity and data management services based in Karlskrona, Sweden. On June 18, 2015 we acquired substantially all of the assets of Accel Networks LLC ("Accel"), a leader in managed cellular broadband technology and connectivity services in North America. On September 2, 2015 we acquired all of the shares of MobiquiThings SAS ("MobiquiThings"), a mobile virtual network operator based in France focused on the global machine-to-machine and telematics marketplace.

As a result of the three business acquisitions and a reorganization to drive focus and growth in our key lines of business, effective October 1, 2015, we are operating the Company under three reportable segments: (i) OEM Solutions; (ii) Enterprise Solutions; and (iii) Cloud and Connectivity Services. Prior to October 1 our Enterprise Solutions segment included the business operations that now comprise our new Cloud and Connectivity Services segment.

Our OEM Solutions segment includes cellular embedded modules, software and tools for OEM customers to integrate wireless cellular connectivity into products and solutions across a broad range of industries, including automotive, transportation, energy, enterprise networking, sales and payment, mobile computing, security, industrial monitoring, field services, residential, healthcare and others. Based on third-party industry data, we are the world leader in embedded wireless modules with 35% global market share (source: ABI Research, 2015). We are widely recognized as the innovation leader in cellular embedded modules and are often first-to-market with new air interface standards, including 4G and LTE Advanced ("LTE-A").

Within our OEM Solutions segment, our embedded wireless module product portfolio spans 2G, 3G and 4G cellular technologies. This product portfolio also includes cloud-based remote device management capability and support for on-board embedded applications using our open source, Linux-based application framework, called Legato. In 2015 we launched Project MangOh, which is a low cost, open source customizable product development platform to accelerate prototypes and simplify the industrialization of IoT solutions.

Our Enterprise Solutions segment includes a range of intelligent gateways and management tools and applications that enable cellular connectivity for mobile, industrial and enterprise customers. Our 2G, 3G and 4G LTE intelligent cellular gateways are designed for use where reliability and security are essential, and are used in transportation, public safety, field services, energy, industrial, and enterprise networking applications worldwide. Our gateways can be easily configured for specific customer applications and also support on-board embedded applications using our ALEOS application framework.

The Cloud and Connectivity Services segment comprises three main areas of operation: (i) our cloud services business, which provides a secure and scalable cloud based platform for deploying and managing IoT applications; (ii) our connectivity services, which includes our Smart SIM supported by our mobile core networks; and (iii) our managed wireless broadband services business. These cloud and connectivity services support our fully integrated device-to-cloud strategy and are designed to enable worldwide IoT deployments by our customers. Our cloud based platform services can be used to collect, manage and process data from any number of connected assets across any network operator around the world. This device-to-cloud data connection provides our customers with a fully integrated, end-to-end solution that is simple to deploy and allows our customers to build their IoT applications without investing in infrastructure. Our cloud based platform can also be used to centrally manage and monitor IoT devices at the edge of the network, including configuring device settings and delivering firmware and embedded application updates remotely over the air. Our SIM and connectivity services provide global, multi-operator subscriptions with unique benefits for IoT deployments such as quality of service improvements and consolidated multi-operator network coverage. Our broadband services provide proactive network management solutions utilizing cellular broadband gateways, routers and advanced antennas.

During 2015, the following product and customer developments influenced the general progression of our business:

OEM Solutions

- We introduced four new AirPrime embedded modules, the first to support LTE-Advanced networks worldwide (LTE-A). LTE-A is the latest generation of 4G LTE network standards, aimed at improving network capacity, throughput, data speed and operational cost-efficiency.

- We introduced the next-generation AirPrime WP series of smart wireless modules, designed to reduce system complexity and accelerate the development of connected products and applications for the Internet of Things.

- We announced that Iskraemeco, one of the leading providers of Advanced Metering Management (AMM) systems in the world, has selected our AirPrime HL Series to enable cellular connectivity in smart metering deployments worldwide.

- We announced that Itron has selected our AirPrime HL Series modules to enable cellular connectivity in its latest line of smart gas meters.

- Maestro Wireless Solutions Limited, a leading provider of tracking devices for IoT applications globally, has announced that its first LTE Cat-1 tracker is based on our AirPrime HL Series.

- Our AirPrime EM7455, the industry's first embedded module to support LTE-Advanced, has been selected by Lenovo to provide fast and reliable LTE-Advanced cellular connectivity in next-generation notebooks, tablets, and 2-in-1s.

- Our new HL7690 LTE Cat-1 embedded modules were selected by Sagemcom, a leading European communications equipment provider, for its smart meters to be deployed by Enexis in the Netherlands.

- Our AirPrime HL Series embedded modules were selected by Parkeon, a global leader in parking, transit and urban mobility solutions, to enable cellular connectivity in smart parking deployments worldwide.

- Our smart automotive modules were selected by Valeo, the global automotive products and systems company, for a new generation of telematics control units to enable connected car services internationally.

- Secured the largest design win in the Company's history with an international Automotive OEM.

Enterprise Solutions

- We announced the launch of our next generation of AirLink gateways. The AirLink GX450 4G mobile gateway and the AirLink ES450 4G enterprise gateway offer support for a broader array of LTE frequency bands, making them compatible with mobile networks worldwide.

- We announced the commercial availability of FirstNet Band 14 LTE support for our oMG2000 mobile gateway.

- We announced the launch of the AirLink Raven RV50 gateway, the LTE successor to the market's most widely deployed cellular gateway solution for energy and industrial applications. The RV50 offers a rugged design and the lowest power consumption of any LTE industrial gateway, providing reliable connectivity for the most demanding applications.

Cloud and Connectivity Services

- We introduced the IoT Acceleration Platform, the industry's first integrated service platform that combines cloud, IoT hardware, and managed connectivity services for worldwide deployments. This project involved the rapid integration of recent acquisitions completed in 2015 - namely Maingate and MobiqiThings, with our existing AirVantage cloud platform.

- Recently, we introduced our Smart SIM technology and connectivity service that provides customers with superior coverage and service quality to maximize the reliability of global IoT applications.

Significant Acquisitions and Divestitures

Disposition of the AirCard business

On April 2, 2013 we completed the sale of substantially all of the assets and operations related to our AirCard business to Netgear, Inc. ("Netgear") for $136.6 million. Under the terms of the sale agreement, approximately 160 employees, primarily in sales, marketing and research and development were transferred to Netgear, as well as certain facilities in Carlsbad, California and Richmond, British Columbia. This transaction marked a significant milestone in the Company's transition to becoming a pure-play leader in IoT.

Acquisition of the M2M business of AnyDATA

On October 16, 2013 we completed the acquisition of substantially all of the M2M embedded module and modem related assets of AnyDATA Corporation ("AnyDATA") for $5.2 million. The acquired business included 3G and 4G wireless modules and modems that are sold mainly in Korea. This acquisition provided us with a significantly enhanced market position in key segments, as well as a new geographical expansion into Korea.

Acquisition of In Motion Technology

On March 3, 2014 we completed the acquisition of all the shares of In Motion Technology Inc. ("In Motion") for net cash consideration of $23.9 million. In Motion's mobile enterprise networks provide customers with a secure, managed end-to-end communications system. In Motion solutions provide rugged in-vehicle mobile routers that are integrated with a security system and a powerful management and application platform. In Motion solutions are used by public safety, transit and utility fleets across the United States and Canada. This acquisition strengthened our position in key market segments and broadened our Enterprise Solutions product portfolio. By special resolution dated December 31, 2014, In Motion commenced the process of winding up into Sierra Wireless, and transferred substantially all of its assets and liabilities to Sierra Wireless on that date.

Acquisition of Maingate

On January 16, 2015 we acquired substantially all of the shares of Maingate for $91.6 million. Maingate is a pioneer in offering managed wireless services for the IoT market in the Nordic region. Maingate is based in Karlskrona, Sweden and is one of the leading providers of managed IoT connectivity services in Europe. Maingate has its own core network and is a fully licensed mobile network operator with its own SIMs, billing, subscription management, and other value-added services. Maingate's services are delivered with dedicated operations and customer support. Additional value-added services include over-the air-subscription provisioning and tailored connectivity solutions. The acquisition of Maingate enhances our device-to-cloud solution by adding managed connectivity and data management services.

Acquisition of Accel

On June 18, 2015 we completed the acquisition of substantially all of the assets of Accel for $9.5 million in cash with contingent consideration of up to an additional $1.5 million under a performance-based earnout formula. Accel is a leader in managed cellular broadband technology and connectivity services in North America. The acquisition of Accel will strengthen our Cloud and Connectivity Services segment.

Acquisition of MobiquiThings

On September 2, 2015 we completed the acquisition of all the outstanding shares of MobiquiThings for €13.5 million in cash with contingent consideration of up to an additional €12.0 million under a performance-based earnout formula. MobiquiThings is a France-based mobile virtual network operator dedicated exclusively to the Machine-to-Machine and Telematics marketplace. This acquisition further solidified our device-to-cloud strategy.

Highlights of the recent financial performance of our continuing business

We have recorded the operating results of the AirCard business as discontinued operations in 2013 in accordance with U.S. Generally Accepted Accounting Principles. The revenues, costs and resulting net after tax operating results have been removed from the respective categories in the Statement of Operations in our Financial Statements and presented separately as Net earnings (loss) from discontinued operations. The following summary of the financial performance of our continuing business complies with this presentation.

In 2015 our revenue was $607.8 million, an increase of 10.8% from 2014. The increase in revenue was driven by growth in our OEM Solutions segment as well as contributions from acquisitions completed in 2015. Gross margin was 31.9% down from 2014 mainly due to the increased volume of lower margin products sold in 2015. Earnings from operations was $10.1 million in 2015, compared to a loss from operations of $6.6 million in 2014. Our earnings from operations in 2015 included stock-based compensation and related social taxes of $9.7 million, acquisition amortization of $9.7 million, acquisition-related and integration costs of $1.9 million, restructuring costs of $1.0 million. Our net loss was $2.7 million, or loss per share of $0.08, in 2015, compared to net loss of $16.9 million, or loss per share of $0.53, in 2014. The 2015 net loss included an after-tax foreign exchange loss of $11.6 million compared to an after-tax foreign exchange loss of $12.3 million included in the 2014 net loss.

In 2014 our revenue was $548.5 million, an increase of 24.1% from 2013. The strong revenue result was driven by a combination of organic growth and contributions from acquisitions. Gross margin was 32.6%, down from 2013 mainly due to increased volume of lower margin products sold in 2014, partially offset by lower product costs. Loss from operations was $6.6 million in 2014, compared to a loss from operations of $17.7 million in 2013. Our loss from operations in 2014 included stock-based compensation and related social taxes of $10.5 million, acquisition amortization of $10.9 million, acquisition and integration costs of $2.7 million, restructuring costs of $1.6 million and impairment costs of $3.8 million. Our net loss from continuing operations was $16.9 million, or loss per share of $0.53, in 2014, compared to net loss from continuing operations of $15.6 million, or loss per share of $0.50, in 2013. The 2014 net loss included an after-tax foreign exchange loss of $12.3 million compared to an after-tax foreign exchange gain of $3.9 million included in the 2013 net loss.

Our revenue by segment for the years ended December 31, 2015 and 2014 per quarter was as follows:

	2015					2014				
	Total	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
OEM Solutions	$ 523,366	$ 121,540	$ 130,653	$ 138,133	$ 133,040	$ 476,650	$ 129,580	$ 124,329	$116,579	$106,162
Enterprise Solutions	63,072	16,506	17,734	15,074	13,758	71,873	19,498	18,941	18,433	15,001
Cloud and Connectivity Services (1)	21,360	6,800	6,194	4,758	3,608	—	—	—	—	—
	$ 607,798	**$ 144,846**	**$ 154,581**	**$ 157,965**	**$ 150,406**	**$ 548,523**	**$ 149,078**	**$ 143,270**	**$135,012**	**$121,163**

(1) Revenue for 2014 is included in Enterprise Solutions and is not material.

NARRATIVE DESCRIPTION OF THE BUSINESS

Industry Background

We operate in the wireless information and communications technology industry, enabling connectivity for IoT solutions through cellular wireless technologies. These technologies include 2G cellular standards such as GSM/GPRS/EDGE and CDMA/1xRTT; 3G standards such as UMTS (including HSPDA and HSUPA) and EV-DO; and 4G standards such as HSPA+, LTE, LTE-A and wireless local area network technologies such as Wi-Fi. Key industry participants include: mobile network operators, who deploy, own and operate wireless networks and provide service to end users; infrastructure vendors, who provide the networking equipment and software to build such networks; device manufacturers, who provide voice and data communication devices that use the network, such as handsets, modems, embedded wireless modules and wireless gateways; and application enablement vendors, who provide applications to enterprises and consumers that utilize the wireless networks.

Over the past several years, we have transitioned our business to focus specifically on device-to-cloud solutions for IoT applications providing a broad portfolio of 2G, 3G and 4G embedded modules, intelligent gateways, as well as cloud and connectivity services. With the sale of the assets and operations of the AirCard business in 2013, we completed our transition to a pure-play leader in IoT solutions.

Recent market trends in the wireless communications industry include:

- *Evolving wireless network coverage and data speeds.* Mobile network operators around the world continue to invest in network upgrades to support LTE technologies, enabling mobile broadband connectivity of up to 400 megabits per second ("Mbps"). Operators also continue to expand and improve network coverage, improving the ubiquity of cellular wireless access globally. US carriers have recently started testing 5G technology, the next phase of mobile telecommunications standards which is expected to be introduced to the market by 2020.

- *Technology improvements in devices and software.* Improvements in wireless chipset technology, including greater integration, higher speeds, and lower power consumption, are driving further advances in cellular devices including on-board application processing, faster data transfer, smaller form factors, lower hardware costs, and longer battery life for host devices. These advances have helped enable the significant growth in demand for connected IoT devices and applications across many segments including enterprise networking, automotive, transportation, energy, mobile computing, sales and payment, industrial control and monitoring, field service, healthcare and consumer electronics.

- *Lower, more flexible service pricing.* Mobile network operators ("MNOs") are introducing new wireless connectivity service pricing models to accelerate growth of IoT solutions and applications.

- *Emergence of Mobile Virtual Network Operators ("MVNOs") specifically for the IoT*. MVNOs are increasing their level of activity in the IoT and expanding their service offerings globally by leveraging their connectivity services including application enablement and device management for the IoT.

- *Adoption of low power, wide area networking.* To expand the market for IoT applications, the industry is adopting low power, wide area networking standards. In 2016, the leading standards body, 3GPP, is expected to approve a new LTE standard referred to as Category M ("Cat-M"). This development is expected to expand the market application for low power, deep coverage applications of embedded modules at lower cost. Sierra Wireless has been working actively with 3GPP in the efforts to introduce the Cat-M standard and product demonstrations are expected in 2016 with industry-wide commercial availability expected in 2017.

- *Increasing focus and investment by large ecosystem participants.* Large ecosystem participants, such as mobile network operators, system integrators, semiconductor companies and application enablement companies, are increasing their investments in, and strategic focus on, IoT solutions. Enterprises, governments and other organizations are increasingly incorporating IoT solutions into their business models to enhance productivity, reduce costs and create competitive advantage.

We expect these trends, and others, to stimulate growth in the IoT market. With higher speeds and more ubiquitous coverage in mobile networks, plus more ecosystem investment and innovative products from solution providers, the number of wireless connected devices and data traffic is expected to increase substantially over the next decade. This growth is, in turn, expected to drive demand for secure, scalable device-to-cloud solutions that can connect, gather, store and manage data for customer applications.

Products and Solutions

With sales, engineering, and R&D teams located in offices around the world, we offer the industry's most comprehensive portfolio of embedded modules and gateways, seamlessly integrated with our cloud and connectivity services. Our solutions are simple, scalable and secure, enabling customers to get their connected products and services to market faster. Our devices are currently operating on more than 80 networks globally and we have shipped more than 120 million connected devices worldwide.

OEM Solutions

Our OEM Solutions segment includes embedded wireless modules and tools for OEM customers that are used to integrate wireless connectivity into products and solutions across a broad range of industries including automotive, transportation, enterprise networking, energy, sales and payment, mobile computing, security, industrial monitoring, field services, healthcare, and others. Within our OEM Solutions segment, our embedded wireless modules product portfolio spans 2G, 3G, and 4G cellular technologies for use in IoT applications. This includes remote device management capability and support for on-board embedded applications using the company's new open source, Linux-based application framework called Legato™.

We believe there are long-term profitable growth prospects in the embedded wireless module market and we plan to continue to invest in our product portfolio to expand our leadership position. Our acquisitions of Wavecom in 2009, the M2M business of Sagemcom in 2012, and the M2M modules and modems business of AnyDATA in 2013, combined with subsequent product launches and customer design wins, have allowed us to significantly expand our global position in wireless embedded solutions. We believe that our line-up of embedded modules is the broadest in the industry.

In 2014, we introduced our Legato™ platform, an open source embedded platform built on Linux and designed to simplify IoT application development. Comprised of a tightly integrated application framework, fully tested Linux distribution and feature-rich development environment, the open source Legato™ platform accelerates application level development of connected devices, thereby lowering total system costs for OEMs. Legato™ provides existing customizable components needed for IoT solutions across a wide range of target markets, including connected cars, smart meters, and industrial automation.

In 2015, we introduced Project MangOH, an open source hardware design which accelerates innovation within the IoT, enables rapid prototyping and shortens the time-to-market for IoT developers. The first reference design is available for download on our website and supports 3rd-party plug and play IoT modules to provide wireless, sensor, and cloud connectivity out-of-the-box with full Legato software support. IoT developers can try out multiple wireless and sensor technology combinations to best meet their specific use-case requirements. Once their prototype is complete, they can then re-use the industrial-grade design and IoT modules in final production.

In addition to our devices and related software products, we offer professional services to OEM customers during their product development and launch process. We leverage our expertise in wireless design, software, integration and certification to provide services that enable customers to more rapidly and cost-effectively bring their IoT and connected device solutions to market.

In 2015, total revenue from our OEM Solutions segment increased by 9.8% to $523.4 million, compared to $476.6 million in 2014. This increase was due to solid contributions from automotive, energy and enterprise networking customers.

Enterprise Solutions

Our Enterprise Solutions segment includes intelligent gateways, security and device management solutions and professional services for enterprise customers. Within our Enterprise Solutions segment, the AirLink product portfolio includes 2G, 3G and 4G LTE intelligent wireless gateways that provide plug and play mission-critical connectivity. They are designed for use where reliability and security are essential and are sold to public safety, transportation field service, energy, industrial, retail and financial enterprises around the world. AirLink gateways can be easily configured for the customer's application and also support on-board embedded applications using the ALEOS Application Framework.

In 2015 we introduced the AirLink Raven RV50 ("RV50") which is the industry's lowest power LTE gateway. The RV50 industrial gateway is designed to connect critical assets and infrastructure in energy, industrial and smart-city infrastructure. The RV50 provides real-time remote connectivity for SCADA, distribution management systems and metering and with LTE connectivity it brings the benefits of broadband connectivity to extreme environments, where servicing by a field technician is not a practical option and power is often scarce.

Our gateway customers can now remotely configure, deploy, and monitor their RV50 and other AirLink gateways over-the-air using our AirLink Management Service (ALMS) which is powered by our cloud platform and makes managing thousands of gateways as easy as managing ten.

The In Motion business, acquired in March 2014, is fully integrated within our Enterprise Solutions segment. The InMotion suite of products includes the oMG Mobile Gateway, a rugged, mobile communications gateway, the oMM Management System a mobile network management system, the mobile-optimized oCM VPN Server and applications that are backed by a world-class technical services team. InMotion products simplify the deployment, management, and maintenance of advanced mobile networking solutions within any enterprise environment.

Total revenue from our Enterprise Solutions segment decreased 12.2% to $63.0 million in 2015, compared to $71.9 million in 2014. The decrease was driven by lower sales of AirLink gateway products due to heightened competition and the impact on sales of a new product pipeline that had not yet been fully launched into the market.

Cloud and Connectivity Services

Our Cloud and Connectivity solutions are pre-integrated with our hardware devices and connected to wireless networks globally to help accelerate time to market for new IoT services. Our Cloud and Connectivity services consist of several basic building blocks:

- device and application management to remotely monitor, maintain and update deployed products;
- a cloud platform to securely collect, store, organize and analyze data making it easy to build value added applications;
- cellular connectivity that provides deployed devices with secure, global mobile network access for sending and receiving machine data; and
- connected devices to collect data from attached or nearby sensors or other connected elements.

Our IoT Acceleration Platform simplifies the deployment of IoT solutions by providing a seamless connection between devices and the enterprise. IoT solution providers can use the latest cloud application programming interface (API) standards to quickly integrate machine data with their own enterprise applications and back-end solutions. The AirVantage Management Service is a comprehensive device management application with interactive dashboards that make it easy to deploy, monitor and upgrade wireless devices remotely.

Our Cloud and Connectivity Services segment also includes connectivity and data management services. As part of these services we have recently introduced the multi-operator Sierra Wireless Smart SIM and Connectivity Service. Using traditional Subscriber Identity Modules ("SIMs") for IoT connectivity can result in lapses in coverage, interruptions in data transmission and expensive service calls to rectify service issues. Our Smart SIM eliminates such issues by introducing a SIM designed specifically for IoT deployments. The Smart SIM delivers multi-operator coverage, reliable performance and flexible global pricing through a patented embedded agent designed specifically for enabling IoT connectivity anywhere in the world. In addition, our IoT Acceleration Platform provides a central platform for commissioning, managing and updating the SIMs which simplifies logistics and adds the flexibility needed to support long device lifecycles in the field, even if there are changes with providers and networks.

Total revenue from our Cloud and Connectivity Services segment was $21.4 million in 2015. We have not disclosed comparative information for this new segment as the operations related to this segment were formerly included in the Enterprise Solutions segment and were not material prior to 2015.

Discontinued operations - AirCard mobile broadband devices

Our discontinued operations comprised the design, manufacture and sale of AirCard-branded USB modems and mobile Wi-Fi hotspots. The sale of the assets and operations of the AirCard business was completed in early April 2013.

Customers

Our products and solutions are used by a variety of end-users across several market segments and for many applications. Market segments that we serve include automotive, transportation, energy, industrial, enterprise, residential and healthcare.

We sell our products both directly and through indirect channels including OEMs, distributors and value-added resellers. We sell our products to customers worldwide and have built sales and distribution teams that support our international business. We have dedicated sales and distribution teams for the Europe, Middle East and Africa (“EMEA”), Asia-Pacific, Latin America and North America regions.

Original Equipment Manufacturers

OEMs are customers that integrate our embedded wireless modules into devices they manufacture and sell to end-user markets through their own direct sales force and indirect distribution channels. In many cases we leverage the market-specific expertise and go to market capabilities of our OEM partners. Our embedded modules have been integrated into a range of OEM devices, such as automobiles, smart energy meters, alarm panels, point of sale terminals, enterprise routers, tablets, notebooks, industrial handhelds, and medical equipment. We sell to OEMs both directly and indirectly through distribution partners around the world.

Resellers and Distributors

Resellers purchase our products either directly from us or from our distributor network and resell them to OEMs and enterprise customers. In order to support our global resellers and OEMs, we have established a global network of distribution partners. Distributors ensure that our products are available to a large number of resellers and OEM customers around the world.

Resellers often combine our products with other elements of an overall solution, such as additional hardware, application software and bundled communication services and deliver a complete solution to the end-user customer. Resellers include IT VARs, system integrators and application solution providers.

Mobile Network Operators

We maintain strong relationships with key mobile network operators worldwide and these relationships allow us to plan and execute on technology trends while we work together to develop eco-systems to drive IoT growth. Additionally, mobile network operator sales teams often work with our sales teams to jointly sell wireless solutions to OEMs, enterprise and government customers. The mobile network operator channel provides us with extended customer reach, while at the same time allows the operators to leverage our wireless solutions expertise to help sell their connectivity services. We have also entered into wholesale purchase agreements with several mobile network operators that enable us to provide global cellular connectivity services to our customers.

Product Development

We have built a reputation in the wireless industry for creating state-of-the-art, high-quality products and for bringing them to market within aggressive timeframes. Our global product development teams of approximately 527 full time employees, at December 31, 2015, are located in Richmond, British Columbia; Carlsbad, California; Issy-Les-Moulineaux, France; Toulouse, France, Karlskrona, Sweden; Hong Kong SAR, China; Shenzhen, China and Seoul, Korea. These teams are skilled in the areas of radio design, hardware design, embedded software design cloud-based applications and cellular network. The product development teams in each of our business units include leaders with extensive experience in their fields, along with younger graduates from leading universities.

Our goal is to develop complete, thoroughly validated, high quality products and solutions that are closely managed throughout their entire life cycle. As part of this approach, individuals from our product development group form product-specific teams with staff from other functional areas, including research and development, product management, marketing, operations, technical support and quality. These teams work closely to bring new products through the development phase, while balancing the market requirements of performance, time to market and product cost. Concepts and prototypes are validated by working with lead customers, channel partners and industry consultants. From time to time, projects are outsourced to third parties, who provide product development leverage for our organic development teams.

Products that result from our product development process are designed and tested to cellular industry standards, as well as customer requirements and are introduced to our contract manufacturing partners for production and delivery to our customers. Included in the development effort is the certification of our products with industry and regulatory standards bodies and mobile network operators. A group of senior engineers develops and monitors our development processes within an ISO 9001 approved framework or ISO/TS 16949 for automotive grade products. These processes are applied across all development projects to ensure uniformity and high quality.

We are also increasing our focus on application-level software development to provide complete device-to-cloud solutions to our customers.

Our product development staff stays current with technology by participating in industry groups such as the Global Certification Forum, the Cellular Telecommunications Industry Association, the European Telecommunications Standards Institute, the Third Generation Partnership Project, the Third Generation Partnership Project 2, the GSM Association, and the OneM2M Partnership, as well as through ongoing technical education. We maintain close relationships with local universities by providing financial and technical contributions, hiring co-op students, giving lectures, supporting professorships and participating in regular informal meetings with faculty members.

Marketing

Our marketing team is responsible for providing product management, segment marketing, corporate marketing programs and communications for our products and solutions on a global basis.

Product Management & Segment Marketing

Members of both the product management and segment marketing teams play an active role in our core team approach to developing and managing products through their entire product life cycle. Emphasis is placed on understanding customer and market segment needs, developing the business case for new products, determining competitive positioning and pricing, and ensuring product completeness, which includes documentation, packaging, collateral, promotional material and marketing programs. This team also develops and manages the product portfolio roadmap and interfaces with customers regarding business opportunities and product requirements.

Corporate Marketing

We develop and communicate our corporate and product positioning to a variety of audiences including customers, media and analysts, channel partners, ecosystem partners, and the industry in general in several ways, including:

- Global corporate and product branding, positioning and messaging;
- Marketing content generation to build awareness of our offering including webinars, white papers, product and corporate videos, training opportunities, bylined articles, customer stories, news releases, datasheets, segment brochures, corporate brochures and investor relations factsheets;
- Product launch support with sales tools, presentations, and outbound launch programs;
- Creating demand generation programs to generate sales qualified leads that turn into revenue opportunities;
- Building vertical market or segment marketing programs;
- Managing all web assets and associated content including the Sierra Wireless Source, an on-line developer community and forum as well as the M2M Solution Exchange highlighting partner solutions;
- Actively seeking editorial coverage and placing advertisements in industry, business and trade publications;
- Meeting with opinion leaders, media and industry analysts;
- Participating in targeted conferences and trade shows to drive brand awareness and generate leads;
- Actively participating in industry associations; and
- Channel marketing programs to encourage customer adoption of our products and solutions.

Manufacturing

We outsource our manufacturing, procurement of certain components, kitting, logistics, assembly, testing and repair. We believe that outsourcing allows us to:

- Focus on our core competencies, including research and development, sales and marketing;
- Participate in contract manufacturer economies of scale and favorable geographic locations;
- Access high quality, lower cost manufacturing resources;
- Provide regional manufacturing to support customer requirements and minimize costs;
- Achieve rapid production scalability; and
- Control capital costs.

We perform certain manufacturing related functions in-house, including key component sourcing, manufacturing engineering, and development of manufacturing test software, procedures and fixtures.

We use several contract manufacturers and logistics partners to provide an end-to-end global supply chain solution. The fully integrated supply chain services provided by these electronic manufacturing services ("EMS") partners, enables us to optimize product costs, capital utilization improve alignment with our international customer base and achieve increased operating efficiencies and scalability.

Competition

The IoT device and solutions markets, in which we now focus exclusively, are large and growing markets that we believe will continue to attract significant competition. Some of the competitors are large corporations with manufacturing scale and financial resources at their disposal. However, we believe that our innovation, deep expertise in wireless IoT communications and market leadership gives us an opportunity to effectively differentiate ourselves.

Wireless Embedded Modules: We have established a market share and technology leadership position by being early to market with leading edge, high performance, high quality products that support the latest wireless technologies. We are a global market leader in wireless embedded modules for IoT and enjoy significant competitive advantages, including a broad product portfolio, a global footprint, strong relationships with global OEMs, and unique software differentiation. Our primary competitors include Gemalto NV (Gemalto), Telit Communications Plc (Telit), u-blox Holding AG, SIMcom Wireless Solutions and Huawei Technologies Corporation.

Intelligent Gateways: The market for wireless intelligent gateways is fragmented from a market segment, customer and competition standpoint. In the segments where we compete, we believe that our market share is solid, and that competition is intensifying. In order to strengthen our share position, we are launching new products to rejuvenate our product line and increasing our investments in sales capacity and other go-to-market initiatives. Our competitors in this line of business vary by market segment and include Cradlepoint Incorporated, CalAmp Corp., Digi International Inc. and Cisco Systems Inc.

Cloud and Connectivity Services: Our IoT Acceleration Platform is a strategic differentiator of our IoT solutions overall. Depending on the customers served, our competitors include other device manufacturers who have developed or acquired device management systems or platforms, such as Cubic Telecom Limited, Ericsson AB, Gemalto, PTC, and Telit.

Employees

As of December 31, 2015 we had a total of 1,089 full time employees, 346 of whom are located at our head office in Richmond, British Columbia, with the balance being located across the United States, Canada, Europe and Asia. Of our 1,089 employees, 527 are involved in product development, 123 are involved in manufacturing and operations, 225 are sales and support personnel, 52 are marketing personnel and 162 are in finance and administration. Employees have access to ongoing training and professional development opportunities that are funded by the Company through on-the-job and outside educational programs.

Competitive compensation, including cash compensation, our employee stock option plan, our employee restricted share unit plan and our retirement plan contribution program, are complemented by internal recognition programs and career advancement opportunities. We believe our relationships with our employees are positive.

We have entered into non-disclosure agreements and confidentiality agreements with key management personnel and with substantially all of our other employees.

Intellectual Property

We believe that a considerable portion of the value of the Company resides in our intellectual property, the combined expertise of our teams, our inventions and our ability to apply quickly changing technology to new and innovative solutions for our customers.

We protect our intellectual property through a combination of patent protection, copyright, trademarks, trade secrets, licenses, non-disclosure agreements and contractual provisions. We enter into a non-disclosure and confidentiality agreement with each of our employees, consultants and third parties that have access to our proprietary technology. Under assignment of inventions agreements, all of our employees and consultants assign to Sierra Wireless all intellectual property rights in the inventions created during such person's employment or contract with Sierra Wireless.

We currently hold 106 United States patents and 296 international patents. Additional patent applications are pending. We also access the intellectual property of third parties by entering into commercial licenses and cross-licenses when appropriate.

Governmental Regulation

Our products are subject to certain mandatory regulatory approvals in the United States, Canada, the European Union ("EU") and other regions in which we operate. In the United States, the Federal Communications Commission regulates many aspects of communications devices, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to the telephone network. In Canada, similar regulations are administered by the Ministry of Industry, through Industry Canada. EU directives provide the comparable regulatory guidance in Europe.

Wireless modems must be approved under these regulations by the relevant government authority prior to these products being offered for sale. We have obtained all necessary Federal Communications Commission, Industry Canada, EU and other required regulatory approvals for the products we currently sell.

Foreign Operations

We operate foreign research and development facilities in Issy-les-Moulineaux and Toulouse, France; Carlsbad, California, United States; Hong Kong and Shenzhen, China; and Seoul, Korea. We also have operations in Sweden including solution development, sales, marketing and support functions.

Our major foreign sales, marketing and support functions are in Issy-les-Moulineaux and Toulouse, France, Carlsbad, California, United States; and in Hong Kong SAR, China.

We use a number of large global EMS providers with factories located in China, Brazil, and Vietnam to manufacture our products and provide integral supply chain services. We also use additional partners to support regional manufacturing requirements and select products including more complex, lower volume devices.

Additional Information Concerning Our Business

Our operations do not have a significant impact on the environment. We have not made, and are not required to make, any significant capital expenditures to comply with environmental regulations nor will our competitive position be affected by environmental protection requirements. Working with the contract manufacturers who build our products and relevant component suppliers, we ensure that our products that are sold in the EU comply with the EU directives that restrict the use of certain hazardous substances in electronic equipment sold in the EU after July 1, 2006.

During 2013, we introduced a Conflict Minerals policy that sets out our commitment to source materials and components from environmentally and socially responsible suppliers. In general, it is our policy that we do not knowingly purchase materials, components or supplies which contain conflict minerals that originate in the Democratic Republic of Congo and adjoining countries that have not been certified as conflict free by an independent third party. We expect our suppliers to adhere to the same standard and to have in place programs and processes to ensure conflict free supply chains. While it is our goal to use only materials that are conflict free in our products, we nevertheless recognize that our suppliers may not have immediate knowledge of their supply chains that is deep enough to fully understand the origin of the minerals that are used in their products. Because mining and smelting activities are multiple steps removed from the manufacture of market ready products, we recognize that for some suppliers it will take some time to fully comply with our requirements.

Annually we request confirmation from our suppliers regarding the conflict free status of the products that they provide to Sierra Wireless. We report the results of this process as part of the annual requirements the SEC has developed in response to Section 1502 of the Dodd-Frank Act.

RISK FACTORS

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. These risks and uncertainties are described in our MD&A for the year ended December 31, 2015, which can be found on our website at www.sierrawireless.com or at www.sedar.com, and filed as Exhibit 1.3 to our Annual Report on Form 40-F.

DIVIDENDS

Since incorporation, we have not paid any dividends on our Common Shares. Our current intention is to reinvest earnings to finance the growth of our business. We do not anticipate that we will pay any dividends on our Common Shares in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of Common Shares, of which, at February 29, 2016, 32,121,578 are issued and outstanding, and an unlimited number of Preference Shares, issuable in series, of which none are issued and outstanding. Our board of directors is authorized to determine the designation, rights and restrictions to be attached to the Preference Shares upon issuance.

Holders of Common Shares are entitled to receive notice of any meeting of shareholders and to attend and vote at those meetings, except those meetings at which only the holders of shares of another class or of a particular series are entitled to vote. Each Common Share entitles its holder to one vote. Subject to the rights of the holders of Preference Shares, the holders of Common Shares are entitled to receive on a proportionate basis such dividends as our board of directors may declare out of funds legally available there for. In the event of the dissolution, liquidation, winding up or other distribution of our assets, the holders of the Common Shares are entitled to receive on a proportionate basis all of our assets remaining after payment of all of our liabilities, subject to the rights of holders of Preference Shares.

The Common Shares carry no pre-emptive or conversion rights other than rights granted to holders of Common Shares under the Shareholders Rights Plan which was re-adopted and ratified by our shareholders on May 21, 2015. The Shareholder Rights Plan is designed to encourage the fair treatment of our shareholders in connection with any take-over offer for our outstanding Common Shares. The Shareholder Rights Plan provides our board of directors and shareholders with 60 days, which is longer than prescribed by applicable securities laws governing take-over bids, to fully consider any unsolicited take-over bid without undue pressure, to allow our board of directors, if appropriate, to consider other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge. If a bid is made to all shareholders, is held open for at least 60 days and is accepted by shareholders holding more than 50% of the outstanding Common Shares, or is otherwise approved by our board of directors, then the Shareholder Rights Plan will not affect the rights of shareholders. Otherwise, all shareholders, except the parties making a take-over bid, will be able to acquire a number of additional Common Shares at half the market price. Thus, any party making a take-over bid not permitted by the Shareholder Rights Plan could suffer significant dilution.

Normal Course Issuer Bid (NCIB)

The Company received approval from the Toronto Stock Exchange (“TSX”) to purchase for cancellation up to 3,149,199 of its common shares, representing 10% of the public float. The Bid commenced on February 9, 2016 and will terminate on the earlier of: (i) February 8, 2017, (ii) the date Sierra Wireless completes its purchases pursuant to the notice of intention filed with the TSX, or (iii) the date of notice by Sierra Wireless of termination of the Bid. To-date, the Company has purchased 549,583 Common Shares pursuant to the bid.

On February 29, 2016, we established an automatic share purchase plan in connection with the previously announced Bid with a designated broker to allow for the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase shares due to regulatory restrictions.

Credit Facilities

We have a $10 million revolving term credit facility ("Revolving Facility") with Toronto Dominion Bank and the Canadian Imperial Bank of Commerce expiring on January 31, 2017. The Revolving Facility is for working capital requirements, is secured by a pledge against all of our assets and is subject to borrowing base limitations. As at December 31, 2015, there were no borrowings under the Revolving Facility.

We have access to a revolving standby letter of credit facility of $10 million from Toronto Dominion Bank. The credit facility is used for the issuance of letters of credit for project related performance guarantees and is guaranteed by Export Development Canada. As of December 31, 2015, there were no letters of credit issued against the revolving standby letter of credit facility.

MARKET FOR SECURITIES

Our Common Shares are listed on the Toronto Stock Exchange ("TSX"), and trade under the symbol "SW". Our Common Shares are also listed on Nasdaq and trade under the symbol "SWIR".

Set out below are the price ranges and volume of Common Shares of Sierra Wireless, Inc. that traded on the TSX for the year ended December 31, 2015.

2015	Low (Cdn$)	High (Cdn$)	Total Monthly Volume
January	45.00	56.94	3,479,700
February	39.69	50.00	2,906,900
March	39.03	47.61	2,346,500
April	40.74	48.34	1,563,100
May	36.13	46.91	2,068,600
June	30.12	38.93	2,242,000
July	29.32	35.00	1,709,800
August	25.08	33.93	2,158,500
September	27.20	31.00	949,800
October	27.60	33.95	1,076,400
November	18.72	34.06	3,421,700
December	20.36	23.50	1,610,000

Set out below are the price ranges and volume of Common Shares of Sierra Wireless, Inc. that traded on Nasdaq for the year ended December 31, 2015.

2015	Low (US$)	High (US$)	Total Monthly Volume
January	36.05	48.30	16,078,100
February	31.63	39.77	16,694,800
March	31.40	37.97	10,473,800
April	32.20	39.07	9,353,300
May	28.90	38.85	13,213,500
June	24.31	31.26	12,761,000
July	22.92	27.07	11,279,900
August	18.81	25.98	12,789,300
September	20.32	23.42	6,296,900
October	20.81	25.76	5,238,800
November	14.06	25.94	16,370,500
December	14.78	17.56	8,067,400

DIRECTORS AND EXECUTIVE OFFICERS

The tables set forth below list the directors and executive officers of the Company as at February 29, 2016, indicating their name, municipalities of residence, their respective positions and offices held with the Company, the length of service and their principal occupations within the five preceding years.

Each director is elected at our annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed, unless such director resigns or is removed earlier. To the knowledge of Sierra Wireless, the directors and executive officers as a group, beneficially own, directly or indirectly, or exercise control or direction over, 671,537 Common Shares (not including Common Shares issuable upon the exercise of stock options or unvested restricted stock units), representing as of February 29, 2016 approximately 2.1% of the issued and outstanding Common Shares.

Directors

Name, Position and Residence	Principal Occupation or Employment in the Preceding Five Years (1)	Director Since
Jason W. Cohenour President, CEO and Director Washington, U.S.A.	President and Chief Executive Officer of the Company	October 2005
Gregory D. Aasen (3) Director British Columbia, Canada	Independent Outside Director	December 1997
Robin Abrams (2)(4) Director California, U.S.A.	Independent Outside Director	March 2010
Paul G. Cataford (2) (3)(4) Director Alberta, Canada	Independent Outside Director; President and Chief Executive Officer of Zephyr Sleep Technologies (a developer and manufacturer of sleep-related medical devices) from April 2010 to present	July 1998
Charles E. Levine (2)(3) Director California, U.S.A.	Independent Outside Director	May 2003
Thomas Sieber (2)(4) Director Zurich, Switzerland	Independent Outside Director; Chairman of the Board of Directors of Salt Mobile SA (formerly Orange Switzerland) 2012 to 2015; CEO of Salt Mobile SA (formerly Orange Switzerland) from 2009 to 2012	January 2014
Kent P. Thexton (3) Chair and Director Ontario, Canada	Independent Outside Director; Managing Director of OMERS Ventures from January 2014 to present; Chairman of Redknee Solutions Inc. from November 2006 to present	March 2005

<u>Notes:</u>

(1) The information as to "principal occupation" has been furnished by the respective directors
(2) Member of the Audit Committee
(3) Member of the Human Resources Committee
(4) Member of the Governance and Nominating Committee

Executive Officers

Name, Position and Province or State and Country of Residence	Principal Occupation in the Preceding Five Years	Length of Service
Jason W. Cohenour President and Chief Executive Officer Washington, U.S.A.	President and Chief Executive Officer	19 years
David G. McLennan Chief Financial Officer and Secretary British Columbia, Canada	Chief Financial Officer	12 years
Philippe Guillemette Chief Technology Officer British Columbia, Canada	Chief Technology Officer from September 2010 to present; Senior Vice President, Advanced Technology from March 2009 to September 2010	7 years
Bill Dodson Senior Vice President, Operations British Columbia, Canada	Senior Vice President, Operations	13 years
Jason L. Krause Senior Vice President and General Manager, Enterprise Solutions British Columbia, Canada	Senior Vice President and General Manager, Enterprise Solutions from July 2015 to present; Senior Vice President, Corporate Development and Marketing from January 2011 to June 2015; Vice President, Corporate Development from January 2009 to January 2011	8 years
A. Daniel Schieler Senior Vice President and General Manager, OEM Solutions California, U.S.A.	Senior Vice President and General Manager, OEM Solutions from August 2013 to present; Senior Vice President and General Manager, Mobile Computing Business Unit from September 2010 to August 2013; Senior Vice President, Worldwide Sales from January 2005 to September 2010	12 years
Pierre Teyssier Senior Vice President, Purchasing Hong Kong SAR, China	Senior Vice President, Purchasing from February 2015 to present; Senior Vice President, Engineering from March 2009 to January 2015	7 years
Emmanuel Walckenaer Senior Vice President and General Manager, Cloud and Connectivity Services Paris, France	Senior Vice President and General Manager, Cloud and Connectivity Services from July 2015 to present; Senior Vice President and General Manager, Enterprise Solutions from August 2013 to June 2015; Senior Vice President and General Manager, Solutions and Services from September 2010 to August 2013; Senior Vice President and General Manager, Solutions and Services from March 2009 to September 2010	7 years

None of the directors or executive officers of the Corporation is, as at the date of this Annual Information Form ("AIF"), or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation which, in each case, was in effect for a period of more than 30 consecutive days (each, an "order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of Sierra Wireless or a shareholder holding a sufficient number of securities of Sierra Wireless to affect materially its control:

a) is, as at the date of this annual information form, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including Sierra Wireless) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

b) has, within the 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

c) has been subject to:
   (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

   (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CODE OF BUSINESS CONDUCT

In 2003, the Board of Directors adopted a Code of Business Conduct applying to all directors, officers, employees and contractors of the Company and each affiliate and subsidiary of the Company, including the Company's Chief Executive Officer, Chief Financial Officer and other senior officers, to ensure that we conduct our business in accordance with the highest standards of business conduct. The Board of Directors approved updated versions of the Code of Business Conduct in December 2005, October 2008, March 2011 and February 2014. There have been no waivers granted from the Code of Business Conduct since its adoption. The Code of Business Conduct is available on the Company's website at www.sierrawireless.com or on SEDAR at www.sedar.com.

AUDIT COMMITTEE

Mandate of the Audit Committee

The full text of the Mandate of the Audit Committee is set out below.

1. Purpose and Scope

The audit committee **("Committee")** was established by the Board of Directors **("Board")** of Sierra Wireless Inc. **("Company")** to assist the Board in fulfilling its responsibilities for oversight of the following:

- the Company's systems of internal and disclosure controls;
- the Company's financial reporting process including the Company's financial statements and other financial information provided by the company to its shareholders, the public and others in accordance with applicable securities and corporate legislation and the Company's Disclosure Policy;
- the Company's compliance with financial, accounting, legal and regulatory requirements including the Company's Code of Business Conduct;
- the appointment, compensation, independence, oversight, communication with, performance and change of the Company's external and independent auditors (the "Auditors");
- the Company's process for identification of the principal risks of the Company's business and ensuring that an appropriate process is in place to manage risks across the enterprise; and
- the fulfillment of the other responsibilities set forth in this Mandate.

2. Organization, Membership and Meetings

- Committee members shall meet the requirements of the Toronto Stock Exchange, the NASDAQ Exchange, the Securities and Exchange Commission, the securities commissions of each of the Provinces of Canada in which the Company is a reporting issuer and any other regulatory agency that may have jurisdiction over the operations of the Company from time to time.
- The Committee shall consist of three or more directors who are "independent" as defined by applicable law, regulations, guidelines and policies, and as determined by the Governance and Nominating Committee ("GNC") of the Board.
- All members of the Committee shall be "financially literate", and at least one member of the Committee shall be a "financial expert". "Financially literate" and "financial expert" will have the respective meanings set out in applicable law, regulations, guidelines and policies.
- Members of the Committee shall be appointed annually by the Board on the recommendation of the GNC. Members may be replaced by the Board at any time, but shall otherwise serve until a successor has been named.
- No committee member may serve on the compensation committee of another company if any director of the Company is, or has been in the past three years, an employee of that other company.
- No member shall be affiliated with the Company or any subsidiary.
- The Committee shall meet from time to time, as it deems necessary, but at least four times per year.
- The presence in person or by telephone of a majority of Committee members shall constitute a quorum for any meeting of the Committee.
- The Committee may include management at its meetings, but shall also hold an executive session at each meeting at which only independent directors are present.
- The Committee shall maintain written minutes of its meetings, which minutes will be filed in the corporate minute book.

3. Authority and Responsibilities

3.1 External Audit:

- Recommend to the Board the appointment and compensation of the Auditors. Oversee the work of the Auditors (including resolution of disagreements between Management and the Auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- Review in advance and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Auditors, as permitted by applicable governance rules and in particular Section 10A of the Securities Exchange Act of 1934 and, in connection therewith, to approve all fees and other terms of engagement. The Committee shall also review and pre-approve all disclosures required to be included in any public filings with respect to non-audit services. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided a report is made to the Committee at its next scheduled meeting. The Committee may consult with Management but shall not delegate these responsibilities to Management.
- Communicate directly with the Auditors.
- Review the performance of the Auditors on at least an annual basis.
- On an annual basis, review and discuss with the Auditors all relationships the Auditors have with the Company in order to evaluate the Auditors' continued independence. The Committee: (i) shall ensure that the Auditors submit to the Committee on an annual basis a written statement delineating all relationships and services that may impact the objectivity and independence of the Auditors; (ii) shall discuss with the Auditors any disclosed relationship or services that may impact the objectivity and independence of the Auditors; and (iii) shall satisfy itself as to the Auditors' independence.
- At least annually, obtain and review an annual report from the Auditors describing (i) the Auditors' internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the Auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditors, and any steps taken to deal with any such issues.
- Confirm that the rotation of the lead audit partner or the audit partner responsible for reviewing the audit (the concurring partner), for the Company's Auditors complies with the requirements of the Canadian and US regulatory authorities.
- Review all reports required to be submitted by the Auditors to the Committee particularly including those required by Section 10A of the Securities Exchange Act of 1934.
- Review, based upon the recommendation of the Auditors and Management, the scope and plan of the work to be done by the Auditors for each fiscal year.

3.2 Financial Statements:

- Review and discuss with Management and the Auditors the Company's quarterly financial statements (including disclosures made in Management's Discussion and Analysis, as defined in Multilateral Instrument 51-102, and interim earnings press releases) prior to submission to shareholders, any governmental body, any stock exchange or disclosure to the public. Subject to delegation from the Board, approve the interim financial statements and footnotes, MD&A and interim earnings press release.
- Review and discuss with Management and the Auditors the Company's annual audited financial statements (including disclosures made in Management's Discussion and Analysis and annual earnings press releases) prior to submission to shareholders, any governmental body, any stock exchange or disclosure to the public. Recommend to the Board approval of the annual audited financial statements and footnotes, MD&A and annual earnings press release.

- Recommend to the Board, if appropriate, that the Company's annual audited financial statements be included in the Company's annual report for filing with appropriate securities regulatory agencies.
- Review and approve any reports required to be included in the Company's annual meeting materials and any other Committee reports required by applicable securities laws or stock exchange listing requirements or rules.

3.3 Periodic and Annual Reviews:

- Periodically review with each of Management and the Auditors (i) any significant disagreement between Management and the Auditors in connection with the preparation of the financial statements, (ii) any difficulties encountered during the course of the audit or review (including any restrictions on the scope of work or access to required information), and (iii) Management's response to each.
- Periodically discuss with the Auditors, without Management being present (i) their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (ii) the completeness and accuracy of the Company's financial statements.
- Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or Management. Review with the Auditors and Management, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
- Review with Management, the Auditors and the Company's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules as promulgated by the Canadian Institute of Chartered Accountants, the securities regulators having jurisdiction over the Company or other regulatory authorities with relevant jurisdiction.
- Obtain and review an annual report from Management relating to the accounting principles used in preparation of the Company's financial statements (including those policies for which Management is required to exercise discretion or judgments regarding the implementation thereof).
- On a quarterly basis, obtain and review a report from Management summarizing the Company's investments in cash or cash equivalents and marketable securities.
- On an annual basis, review the Company's Treasury Investment Policy.

3.4 Discussions with Management:

- Review and discuss with Management the Company's annual and interim earnings press releases (including the use of "pro forma" or "adjusted" non-GAAP information), financial information and earnings guidance provided to analysts and rating agencies as well as all other material public disclosure documents such as the Company's AIF, management information circular and any prospectuses.
- Review and discuss with Management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Inquire about the application of the Company's accounting policies and their consistency from period to period, and the compatibility of these accounting policies with generally accepted accounting principles, and (where appropriate) the Company's provisions for liabilities that may have a material impact on the financial statements of the Company.

- Review and discuss with Management the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures (including Management's risk assessment and risk management policies).
- Review and discuss with Management all disclosures made by the Company concerning any material changes in the financial condition or operations of the Company.
- The Committee will meet periodically and separately with the Company's counsel to review material legal affairs of the Company and the Company's compliance with applicable law and listing standards.
- Obtain explanations from Management for unusual variances in the Company's annual financial statements from year to year, and review annually the Auditors' letter of the recommendations to Management and Management's response.
- Periodically review the Company's administration of equity awards under the Company's long-term incentive plans (stock option plan and restricted share unit plans) including without limitation: (i) the practices and procedures adhered to; and (ii) the accounting treatment of equity awards. In doing so, the Audit Committee shall: (i) have special regard to grants of equity awards to insiders of the Company; (ii) review individual equity awards on a "sample" basis; and (iii) assess the records retention relating to equity awards on a sample basis.

3.5 Internal Controls and Disclosure:

- In consultation with the Auditors and Management: (a) review the effectiveness of the Company's internal control structure and system including information technology security and control, and the procedures designed to ensure compliance with laws and regulations, and (b) discuss the responsibilities, budget and staffing needs of the Company's internal accounting department.
- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
- Be satisfied that record retention services provided by third parties are effective. (For example, that equity grants are appropriately recorded and that all information necessary for compliance with all relevant laws, regulations and Company policies is available for review when required).

3.6 Risk Management and Compliance:

- Ensure that in addition to the Committee's oversight of management's process to identify and manage key financial risks, the Company has in place a process for enterprise risk management whereby the Committee reviews the enterprise's most critical risks and tracks management's actions to manage such risks.
- Review with management and the senior risk management executive the charter, activities, staffing and organizational structure of the risk management function.
- On a periodic basis, but not less than once per year, report to the Board on the process for enterprise risk management, the company's most critical risks and management's actions to address such risks.
- Discuss with the senior risk management executive any issues that may have been brought forward concerning compliance with the Company's Code of Business Conduct.

- Ensure that there are no unjustified restrictions or limitations on the activities of the risk management function and review and concur in the appointment, replacement or dismissal of the senior risk management executive.
- On an annual basis, review the effectiveness of the risk management function
- On a regular basis, meet separately with the senior risk management executive to discuss any matters that the Committee or the senior risk management executive believes should be discussed

3.7 Reporting Obligations:

- Ensure that all reporting obligations related to the AIF (Form 40-F for US purposes) and management information circular under Part 5 of Multilateral Instrument 52-110 are fully complied with.

3.8 Other:

- Review and approve all related-party transactions.
- Review and approve the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.
- Review any Management decision to seek a second opinion from Auditors other than the Company's regular Auditors with respect to any significant accounting issue.
- Review with Management and the Auditors the sufficiency and quality of the financial and accounting personnel of the Company.
- Review and reassess the adequacy of this Mandate annually and recommend to the Board any changes the Committee deems appropriate.
- Conduct an annual performance evaluation of Committee operations.
- As necessary to carry out its duties, engage independent legal, accounting or other advisors to advise the Committee and set and pay the compensation for any such legal, accounting or other advisors employed by the Committee.
- Perform any other activities consistent with this Mandate, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.
- The Committee will have full access to all books, records, facilities and personnel of the Company.

4. External and Internal Linkages

- The Board
- The CEO and Senior Management
- The senior Risk Management executive
- Outside Consultants and Advisors
- The Corporate Governance and Nominating Committee

Composition of the Audit Committee

We have a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Robin A. Abrams (Chair), Paul G. Cataford, Charles E. Levine and Thomas Sieber are the current members of the Audit Committee. Each of them is an independent director and is financially literate as such terms are defined by applicable Canadian and U.S. securities laws.

Relevant Education and Experience

Robin A. Abrams is an independent director. Ms. Abrams has extensive experience in governance and oversight over the financial matters of large, publicly traded entities including as the CEO of Zilog, Palm Computing, Inc. and VeriFone. Ms. Abrams has held internationally focused executive positions at Apple and Unisys. In addition, she has held CEO positions at start-up companies: Firefly Mobile, a mobile products company for the youth market and BlueKite, a leading provider of bandwidth optimization software for wireless operators. Ms. Abrams earned her B.A. and J.D. degrees from the University of Nebraska, and she serves on the board of directors of HCL Technologies, Lattice Semiconductor Corporation, Zephyr Sleep Technologies Inc., and FactSet Research Systems Inc., as well as on the board of trustees for the Anita Borg Institute for Women and Technology.

The Board of Directors has determined that Ms. Abrams is the Audit Committee's financial expert within the meaning of General Instruction B(8)(b) of Form 40-F. Ms. Abrams has had extensive experience supervising chief financial officers in the preparation of financial statements, overseeing and assessing the performance of companies with respect to preparing and evaluating financial statements, and has served as a member of the audit committee of several publicly traded companies for over ten years.

The Securities and Exchange Commission ("SEC") has indicated that the designation or identification of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the audit committee or board of directors who do not carry this designation or identification, or affect the duties, obligations or liabilities of any other member of the audit committee or board of directors.

Paul G. Cataford is an independent director and has served on public and private boards for over 20 years. In addition to his board activities, Mr. Cataford is currently the President and Chief Executive Officer of Zephyr Sleep Technologies Inc., a private company in the medical device industry. Previously, he was the President and Chief Executive Officer of University Technologies Inc. (2004 to 2009) and prior to that: Executive Managing Director of BMO Nesbitt Burns Equity Partners Inc. (Private Equity); and Managing Director and President of BCE Capital Inc. (Venture Capital). Mr. Cataford is also the Chair of the audit committee for AGJunction Inc. (TSX - AJX) and Chairman of the Board for CANTelematics Inc. (Private). Mr. Cataford has extensive knowledge and experience in: technology investing; building and scaling technology companies; corporate governance; public/private finance; and financial reporting . Mr. Cataford completed a Mechanical Engineering Degree at Queen's University (1987) and a Masters of Business Administration specializing in finance and international business, at the Schulich School of Business (York University - 1991). Mr. Cataford has received the Institute of Corporate Directors certified designation (ICD.D) after attending the ICD-Rotman Directors Education Program (University of Toronto - 2002).

Charles E. Levine is an independent director and a management consultant. Mr. Levine has a track record of developing brands into large businesses, most notably when he was President and Chief Operating Officer of Sprint Corporation where he oversaw revenue growth to over $10 billion in four and a half years and at AT&T, where he turned around the Consumer Products and Small Business Markets, winning Popular Electronics Product of the Year for one video conferencing product. He has held senior management positions at CAD Forms Technology and Octel Communications (now part of Lucent). Mr. Levine was named Marketer of the Year in 1999 by MC Magazine and CEO of the Year in 2001 by Frost & Sullivan for his notable achievements at Sprint PCS. He holds an MBA (Marketing) from the J.L. Kellogg Graduate School of Management-Northwestern University, and a bachelor's degree in Economics from Trinity College.

Thomas Sieber is an independent director. Mr. Sieber has extensive experience as a technology industry executive with demonstrated expertise in building pan-European enterprise sales channels. Mr. Sieber was the CEO of Salt Mobile SA (formerly Orange Switzerland) from 2009 to 2012, where he led a successful turnaround of the business and drove the sales process of the company to a new owner. He then served as Chairman until the end of 2015. Before joining Orange, Mr. Sieber was Executive Vice President of Sales for Fujitsu Siemens Computers. Mr. Sieber started his career at Hewlett-Packard, advancing to General Manager for Small and Medium Enterprise, EMEA, by the time he left the company in 2001. He studied Business Administration at the University of St.Gallen (HSG) in Switzerland, graduating in 1987. In March 2016 he was appointed as Chairman of the Swiss utility company Axpo

Holding AG. Mr. Sieber also currently serves on the board of directors of the Swiss software company Garaio AG, the Danish wireless technology company, RTX A/S and the Indian IT services company, HCL Technologies.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied upon any exemption from NI 52-110 provided therein.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors of the Company.

Pre-approval Policies and Procedures

The Audit Committee has the sole authority to review in advance and pre-approve all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditor, as well as all fees and other terms of engagement. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, provided a report is made to the Audit Committee at its next scheduled meeting. For the fiscal years ended December 31, 2015 and 2014, all of the audit and non-audit services below were pre-approved by the Audit Committee.

Auditor Independence

Sierra Wireless's Audit Committee has concluded that KPMG LLP, the Company's independent registered chartered accountants ("Auditors"), is independent under applicable rules and guidelines and, in particular, that the Auditors are free from conflicts of interest that could impair their objectivity in conducting the audit of the Company's financial statements. The Audit Committee is required to approve all audit and non-audit related services performed by our Auditors, and our Auditors are not permitted to perform services for us prohibited for an independent auditor under applicable Canadian and United States regulations, including the Sarbanes-Oxley Act of 2002.

Auditors' Fees

	2015	2014
Audit fees	$ 957,115	$ 988,468
Tax fees	8,133	12,780
Audit-related fees	1,564	1,834
All other fees	—	—
Total	$ 966,812	$ 1,003,082

Audit Fees

Audit fees for 2015 and 2014 include fees related to the audit of our year-end financial statements, the audit of our internal control over financial reporting, review of our interim financial statements, and services that are normally provided by our Auditors in connection with statutory and regulatory filings or engagements for such year.

Tax Fees

Tax fees for 2015 and 2014 were primarily for general tax consultation and tax compliance matters.

Audit-Related Fees

Audit-related fees consist of fees for attestation services and are not reported above as Audit fees.

All Other Fees

No other fees were billed by our Auditors in 2015 or 2014 for services other than those reported in the preceding paragraphs.

LEGAL PROCEEDINGS

We are engaged in certain claims, legal actions and arbitration matters, all in the ordinary course of business, that are described in our Management Discussion and Analysis for the year ended December 31, 2015, which can be found on our website at www.sierrawireless.com or at www.sedar.com, and filed as Exhibit 1.3 to our Annual Report on Form 40-F.

We are not aware at this time of any legal proceedings that are contemplated.

During the financial year ended December 31, 2015:

a) no penalties or sanctions were imposed against Sierra Wireless by a court relating to securities legislation or by a securities regulatory authority;

b) no penalties or sanctions were imposed by a court or regulatory body against Sierra Wireless that would likely be considered important to a reasonable investor in making an investment decision; and

c) no settlement agreements were entered into before a court relating to securities legislation or with a securities regulatory authority.

QUORUM EXEMPTION

The rules and regulations of the NASDAQ require each listed issuer to provide that a quorum for its shareholders' meetings be at least 33 1/3 percent of the issuer's outstanding shares. The Company has been granted an exemption from this requirement because it is contrary to generally accepted business practices in Canada, the Company's country of domicile. The Company has had the benefit of this exemption in the current year and prior years.

In determining whether a requirement is contrary to generally accepted business practices, the NASDAQ rules generally look to the requirements of the primary market in the issuer's country of domicile. The rules and policies of the TSX, the primary market in Canada, do not contain quorum requirements, and the *Canada Business Corporations Act*, the Corporation's governing statute, defers to the quorum requirements contained in an issuer's By-laws. Under the Company's By-laws, a quorum for a meeting of the Company's shareholders is two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Common Shares in Canada is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 and in the United States is Computershare Trust Company, N.A., 350 Indiana Street, Suite 800, Golden, Colorado. These offices and the principal offices of Computershare Investor Services Inc. in the City of Toronto maintain the register of Common Shares and can effect transfers and make deliveries of certificates for Common Shares.

MATERIAL CONTRACTS

The Company is party to the following material contracts as defined in National Instrument 51-102 - Continuous Disclosure Obligations: the Shareholder Rights Plan disclosed under the heading “Description of Capital Structure” and the Asset Purchase Agreement with Netgear disclosed under the heading "General Development of the Business".

EXPERTS

KPMG LLP, independent registered Chartered Professional Accountants, have audited the Company’s consolidated financial statements as at December 31, 2015 and 2014, and for each of the years in the three year period ended December 31, 2015 as set forth in their reports. KPMG LLP has confirmed with respect to the Company, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Entity under all relevant US professional and regulatory standards.

ADDITIONAL INFORMATION

Additional information relating to the Company:

(a) may be found on the System for Electronic Analysis and Retrieval (“SEDAR”) at www.sedar.com and on the SEC’s Electronic Document and Gathering Retrieval System (“EDGAR”) at www.sec.gov;

(b) including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, is contained in the Company’s Information Circular for its most recent annual meeting of shareholders; and

(c) is provided in the Company’s audited financial statements and related management discussion and analysis for the years ended December 31, 2015 and 2014.

Exhibit 1.2

MANAGEMENT'S STATEMENT OF RESPONSIBILITIES

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of Sierra Wireless, Inc. The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States and, where appropriate, reflect management's best estimates and judgments. Where alternative accounting methods exist, management has chosen those methods deemed most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality. Financial information provided elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls over financial reporting as described in *Management's Annual Report on Internal Control Over Financial Reporting* on page 36 of Management's Discussion and Analysis.

The Company's Audit Committee is appointed by the Board of Directors annually and is comprised exclusively of outside, independent directors. The Audit Committee meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The Audit Committee considers, for review by the Board of Directors and approval by the shareholders, the engagement or reappointment of the independent auditors. KPMG LLP has direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by KPMG LLP, Chartered Professional Accountants, on behalf of the shareholders, in accordance with the standards of the Public Company Accounting Oversight Board (United States) with respect to the consolidated financial statements for the year ended December 31, 2015. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.

/s/ Jason W. Cohenour	/s/ David G. McLennan
Jason W. Cohenour	David G. McLennan
President and	Chief Financial Officer
Chief Executive Officer	

February 29, 2016
Vancouver, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Sierra Wireless, Inc.

We have audited the accompanying consolidated balance sheets of Sierra Wireless, Inc. as of December 31, 2015 and 2014 and the related consolidated statements of operations and comprehensive earnings (loss), equity and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of Sierra Wireless, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sierra Wireless, Inc. as of December 31, 2015 and 2014 and its consolidated results of operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2015 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sierra Wireless, Inc.'s internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion on the effectiveness of Sierra Wireless, Inc.'s internal control over financial reporting.

"KPMG LLP"
Chartered Professional Accountants

February 29, 2016
Vancouver, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Sierra Wireless, Inc.

We have audited Sierra Wireless, Inc.'s internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sierra Wireless, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Sierra Wireless, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Sierra Wireless, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive earnings (loss), equity and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 29, 2016 expressed an unqualified opinion on those consolidated financial statements.

"KPMG LLP"
Chartered Professional Accountants

February 29, 2016
Vancouver, Canada

SIERRA WIRELESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS)

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

	Years ended December 31,		
	2015	2014	2013
Revenue	**$ 607,798**	$ 548,523	$ 441,860
Cost of goods sold	**413,943**	369,544	296,219
Gross margin	**193,855**	178,979	145,641
Expenses			
Sales and marketing	**54,144**	50,476	42,182
Research and development (note 8)	**74,020**	80,937	73,112
Administration	**40,321**	37,027	35,164
Acquisition-related costs	**1,474**	1,588	508
Integration	**471**	1,082	27
Restructuring (note 9)	**951**	1,598	171
Impairment (note 17 and note 18)	**—**	3,756	—
Amortization	**12,360**	9,109	12,141
	183,741	185,573	163,305
Earnings (loss) from operations	**10,114**	(6,594)	(17,664)
Foreign exchange gain (loss)	**(11,843)**	(12,390)	3,823
Other income (expense) (note 10)	**115**	854	(98)
Loss before income taxes	**(1,614)**	(18,130)	(13,939)
Income tax expense (recovery) (note 11)	**1,060**	(1,277)	1,611
Net loss from continuing operations	**(2,674)**	(16,853)	(15,550)
Net earnings from discontinued operations (note 6)	**—**	—	70,588
Net earnings (loss)	**(2,674)**	(16,853)	55,038
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments, net of taxes of $nil	**(2,013)**	893	604
Total comprehensive earnings (loss)	**$ (4,687)**	$ (15,960)	$ 55,642
Basic and diluted net earnings (loss) per share (in dollars) (note 13)			
Continuing operations	**$ (0.08)**	$ (0.53)	$ (0.50)
Discontinued operations	**—**	—	2.29
	$ (0.08)	$ (0.53)	$ 1.79
Weighted average number of shares outstanding (in thousands) (note 13)			
Basic and diluted	**32,166**	31,512	30,771

The accompanying notes are an integral part of the consolidated financial statements.

SIERRA WIRELESS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars)

	As at December 31,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	**$ 93,936**	$ 207,062
Accounts receivable (note 14)	**116,246**	106,799
Inventories (note 15)	**32,829**	17,445
Deferred income taxes (note 11)	**4,735**	4,779
Prepaids and other (note 16)	**14,179**	7,826
	261,925	343,911
Property and equipment (note 17)	**28,947**	20,717
Intangible assets (note 18)	**84,250**	37,893
Goodwill (note 19)	**156,488**	103,966
Deferred income taxes (note 11)	**10,130**	3,898
Other assets	**4,592**	4,979
	$ 546,332	$ 515,364
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 20)	**$ 128,537**	$ 128,196
Deferred revenue and credits	**3,479**	3,245
	132,016	131,441
Long-term obligations (note 21)	**44,353**	26,608
Deferred income taxes (note 11)	**11,667**	453
	188,036	158,502
Equity		
Shareholders' equity		
Common stock: no par value; unlimited shares authorized; issued and outstanding: 32,337,201 shares (December 31, 2014 — 31,868,541 shares)	**346,453**	339,640
Preferred stock: no par value; unlimited shares authorized; issued and outstanding: nil shares	**—**	—
Treasury stock: at cost; 240,613 shares (December 31, 2014 — 342,645 shares)	**(4,017)**	(6,236)
Additional paid-in capital	**23,998**	26,909
Retained earnings (deficit)	**(160)**	2,514
Accumulated other comprehensive loss (note 22)	**(7,978)**	(5,965)
	358,296	356,862
	$ 546,332	$ 515,364

Commitments and contingencies (note 26)

Subsequent events (note 23)

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board:

/s/ Jason W. Cohenour
Jason W. Cohenour
Director

/s/ Robin A. Abrams
Robin A. Abrams
Director

SIERRA WIRELESS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands of U.S. dollars)

	Common Stock		Treasury Shares					
	# of shares	**$**	**# of shares**	**$**	**Additional paid-in capital**	**Retained earnings (deficit)**	**Accumulated other comprehensive income (loss)**	**Total**
Balance as at December 31, 2012	30,592,423	$ 322,770	716,313	$ (5,172)	$ 23,203	$ (35,283)	$ (7,462)	$ 298,056
Common share cancellation (note 23)	(510,439)	(5,384)	—	—	—	(388)	—	(5,772)
Stock option exercises (note 12)	965,228	11,853	—	—	(3,747)	—	—	8,106
Stock-based compensation (note 12)	—	—	—	—	9,347	—	—	9,347
Purchase of treasury shares for RSU distribution	—	—	270,265	(3,433)	—	—	—	(3,433)
Distribution of vested RSUs	50,632	389	(479,431)	3,468	(4,265)	—	—	(408)
Excess tax benefits from equity awards	—	—	—	—	1,458	—	—	1,458
Net earnings	—	—	—	—	—	55,038	—	55,038
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	604	604
Balance as at December 31, 2013	31,097,844	$ 329,628	507,147	$ (5,137)	$ 25,996	$ 19,367	$ (6,858)	$ 362,996
Stock option exercises (note 12)	686,384	9,236	—	—	(2,832)	—	—	6,404
Stock-based compensation (note 12)	—	—	—	—	9,404	—	—	9,404
Purchase of treasury shares for RSU distribution	—	—	311,333	(5,955)	—	—	—	(5,955)
Distribution of vested RSUs	84,313	776	(475,835)	4,856	(7,035)	—	—	(1,403)
Excess tax benefits from equity awards	—	—	—	—	1,376	—	—	1,376
Net loss	—	—	—	—	—	(16,853)	—	(16,853)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	893	893
Balance as at December 31, 2014	31,868,541	$ 339,640	342,645	$ (6,236)	$ 26,909	$ 2,514	$ (5,965)	$ 356,862
Stock option exercises (note 12)	**357,136**	**5,434**	**—**	**—**	**(1,597)**	**—**	**—**	**3,837**
Stock-based compensation (note 12)	**—**	**—**	**—**	**—**	**8,942**	**—**	**—**	**8,942**
Purchase of treasury shares for RSU distribution	**—**	**—**	**306,476**	**(6,584)**	**—**	**—**	**—**	**(6,584)**
Distribution of vested RSUs	**111,524**	**1,379**	**(408,508)**	**8,803**	**(12,526)**	**—**	**—**	**(2,344)**
Excess tax benefits from equity awards	**—**	**—**	**—**	**—**	**2,270**	**—**	**—**	**2,270**
Net loss	**—**	**—**	**—**	**—**	**—**	**(2,674)**	**—**	**(2,674)**
Foreign currency translation adjustments, net of tax	**—**	**—**	**—**	**—**	**—**	**—**	**(2,013)**	**(2,013)**
Balance as at December 31, 2015	**32,337,201**	**$ 346,453**	**240,613**	**$ (4,017)**	**$ 23,998**	**$ (160)**	**$ (7,978)**	**$ 358,296**

The accompanying notes are an integral part of the consolidated financial statements.

SIERRA WIRELESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. dollars)

	Years ended December 31,		
	2015	2014	2013
Cash flows provided by (used in):			
Operating activities			
Net earnings (loss)	**$ (2,674)**	$ (16,853)	$ 55,038
Items not requiring (providing) cash			
Amortization	**20,216**	23,517	28,296
Stock-based compensation (note 12(a))	**8,942**	9,404	9,347
Gain on sale of AirCard business (note 6)	**—**	—	(94,078)
Deferred income taxes	**(2,841)**	771	16,339
Loss (gain) on disposal of property and equipment	**92**	21	(10)
Fair value adjustment of contingent consideration	**(761)**	—	—
Impairment	**—**	3,756	—
Impairment of assets related to discontinued operations	**—**	—	1,012
Other	**6,115**	6,764	(2,687)
Changes in non-cash working capital			
Accounts receivable	**(8,437)**	(5,180)	10,897
Inventories	**(16,262)**	(8,949)	11,908
Prepaid expenses and other	**(5,748)**	25,421	(7,254)
Accounts payable and accrued liabilities	**16,342**	10,538	(13,139)
Deferred revenue and credits	**(451)**	(510)	1,147
Cash flows provided by operating activities	**14,533**	48,700	16,816
Investing activities			
Acquisition of M2M business of AnyDATA (note 5(a))	**—**	—	(5,196)
Acquisition of In Motion Technology, net of cash acquired (note 5(b))	**—**	(23,853)	—
Acquisition of Wireless Maingate AB, net of cash acquired (note 5(c))	**(88,449)**	—	—
Acquisition of Accel Networks LLC (note 5(d))	**(9,471)**	—	—
Acquisition of MobiquiThings SAS, net of cash acquired (note 5(e))	**(14,975)**	—	—
Additions to property and equipment	**(14,003)**	(9,078)	(11,359)
Proceeds from sale of property & equipment	**5**	130	32
Increase in intangible assets	**(1,076)**	(1,751)	(2,211)
Proceeds from sale of AirCard Business (note 6)	**—**	13,800	119,958
Net change in short-term investments	**—**	2,470	(2,470)
Increase in other assets	**—**	(4,054)	—
Cash flows provided by (used in) investing activities	**(127,969)**	(22,336)	98,754
Financing activities			
Issuance of common shares, net of share issue costs	**3,837**	6,404	8,106
Repurchase of common shares for cancellation (note 23)	**—**	—	(5,772)
Purchase of treasury shares for RSU distribution	**(6,584)**	(5,955)	(3,433)
Taxes paid related to net settlement of equity awards	**(2,344)**	(1,403)	(408)
Excess tax benefits from equity awards	**2,270**	1,376	1,458
Decrease in other long-term obligations	**(226)**	(400)	(876)
Cash flows provided by (used in) financing activities	**(3,047)**	22	(925)
Effect of foreign exchange rate changes on cash and cash equivalents	**3,357**	3,260	(875)
Cash and cash equivalents, increase (decrease) in the year	**(113,126)**	29,646	113,770
Cash and cash equivalents, beginning of year	**207,062**	177,416	63,646
Cash and cash equivalents, end of year	**$ 93,936**	$ 207,062	$ 177,416
Supplemental disclosures:			
Net income taxes paid	**$ 3,093**	$ 3,763	$ 5,746
Interest paid	**137**	63	130
Non-cash purchase of property and equipment (funded by obligation under capital lease)	**237**	296	243

The accompanying notes are an integral part of the consolidated financial statements.

SIERRA WIRELESS, INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Sierra Wireless, Inc., together with its subsidiaries (collectively, "the company, we, our") was incorporated under the Canada Business Corporations Act on May 31, 1993. Sierra Wireless is building the Internet of Things ("IoT") with intelligent wireless solutions that empower organizations to innovate in the connected world. We offer the industry's most comprehensive portfolio of second generation ("2G"), third generation ("3G") and fourth generation ("4G") cellular embedded wireless modules and gateways, seamlessly integrated with our secure cloud and connectivity services. Original Equipment Manufacturers ("OEMs") and enterprises worldwide trust our innovative cellular solutions to get their connected products and services to market faster. Our products, services and solutions connect people, their mobile computers and machines to wireless voice and data networks around the world. We have sales, engineering, and research and development teams located in offices around the world.

We have three reportable segments effective October 1, 2015 reflecting our current organization subsequent to the acquisitions of Wireless Maingate AB ("Maingate"), Accel Networks LLC ("Accel"), and MobiquiThings SAS ("MobiquiThings") (note 5), combined with a reorganization of our Enterprise Solutions business segment to provide dedicated focus on our gateways business. Prior to October 1, 2015, we had two reportable segments, OEM Solutions and Enterprise Solutions, and the operations of the three acquisitions during the year were included in the Enterprise Solutions segment.

We have the following three segments:

OEM Solutions	- AirPrime embedded wireless modules for IoT connectivity, including an embedded application framework to support customer applications
Enterprise Solutions	- Airlink intelligent gateways, including systems and services for secure gateway management
Cloud and Connectivity Services	- Cloud and Connectivity services, including managed cellular connectivity for the IoT and cloud based services for operations management and application enablement (reflects our AirVantage cloud plus the acquisitions of Maingate, Accel, MobiquiThings)

The primary markets for our products are North America, Europe and Asia Pacific.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our consolidated financial statements are prepared in accordance with U.S. GAAP.

(a) Basis of consolidation

Our consolidated financial statements include the accounts of the company and its subsidiaries, all of which are wholly-owned, from their respective dates of acquisition of control. All inter-company transactions and balances have been eliminated on consolidation.

(b) Use of estimates

The consolidated financial statements have been prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. On an ongoing basis, management reviews its estimates, including those related to inventory obsolescence, estimated useful lives of long-lived assets, valuation of intangible assets, goodwill, royalty and warranty accruals, other liabilities, stock-based compensation, allowance for doubtful accounts receivable, income taxes, restructuring costs, contingent consideration and commitments and contingencies, based on currently available information. Actual amounts could differ from estimates.

(c) **Revenue recognition**

Revenue from sales of products and services is recognized upon the later of transfer of title or upon shipment of the product to the customer or rendering of the service, so long as persuasive evidence of an arrangement exists, delivery has occurred, price is fixed or determinable, and collection is reasonably assured.

Cash received in advance of the revenue recognition criteria being met is recorded as deferred revenue.

Revenues from contracts with multiple-element arrangements are recognized as each element is earned based on the relative fair value of each element and only when there are no undelivered elements that are essential to the functionality of the delivered elements.

Revenue from activation or set up fees charged in advance of contracted monthly recurring revenue is deferred and recognized over the estimated customer life on a straight line basis.

Revenue from licensed software is recognized at the inception of the license term. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period such items are delivered or services are provided. Technical support contracts extending beyond the current period are recorded as deferred revenue and amortized into income over the applicable earning period.

Funding from certain research and development agreements is recognized as revenue when certain criteria stipulated under the terms of those funding agreements have been met, and when there is reasonable assurance the funding will be received. Certain research and development funding may be repayable on the occurrence of specified future events. We recognize the liability to repay research and development funding in the period in which conditions arise that would cause research and development funding to be repayable.

(d) **Research and development costs**

Research and development costs are expensed as they are incurred. Certain software development costs associated with the development of our cloud platform to be sold, leased or marketed are capitalized once technological feasibility is reached.

We follow the cost reduction method of accounting for certain agreements, including government research and development funding, whereby the benefit of the funding is recognized as a reduction in the cost of the related expenditure when certain criteria stipulated under the terms of those funding agreements have been met, and there is reasonable assurance the research and development funding will be received. Certain research and development funding is repayable on the occurrence of specified future events. We recognize the liability to repay research and development funding in the period in which conditions arise that will cause research and development funding to be repayable.

(e) **Warranty costs**

Warranty costs are accrued upon the recognition of related revenue, based on our best estimates, with reference to past and expected future experience. Warranty obligations are included in accounts payable and accrued liabilities in our consolidated balance sheet.

(f) **Royalty costs**

We have intellectual property license agreements which generally require us to make royalty payments based on a combination of fixed fees and percentage of the revenue generated by sales of products incorporating the licensed technology. We recognize royalty obligations in accordance with the terms of the respective royalty agreements. Royalty costs are recorded as a component of cost of goods sold in the period when incurred. We also accrue royalty potential obligations based on current best estimates where agreements have not been finalized.

(g) **Market development costs**

Market development costs are charged to sales and marketing expense to the extent that the benefit is separable from the revenue transaction and the fair value of that benefit is determinable. To the extent that such costs either do not provide a separable benefit, or the fair value of the benefit cannot be reliably estimated, such amounts are recorded as a reduction of revenue.

(h) **Income taxes**

Income taxes are accounted for using the asset and liability method. Deferred income tax assets and liabilities are based on temporary differences (differences between the accounting basis and the tax basis of the assets and liabilities) and non-capital loss, capital loss, and tax credits carry-forwards are measured using the enacted tax rates and laws expected to apply when these differences reverse. Deferred tax benefits, including non-capital loss, capital loss, and tax credits carry-forwards, are recognized to the extent that realization of such benefits is considered more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that enactment occurs.

We include interest and penalties related to income taxes, including unrecognized tax benefits, in *income tax expense (recovery)*.

Liabilities for uncertain tax positions are recorded based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. We regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, income taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known.

We recognize the windfall tax benefits associated with the exercise of stock options and release of restricted share units to additional paid-in capital ("APIC") when realized. This tax benefit is not recognized until the deduction reduces taxes payable and all other available loss carry-forwards and tax credits have been utilized.

(i) **Stock-based compensation and other stock-based payments**

Stock options and restricted share units granted to the company's key officers, directors and employees are accounted for using the fair value-based method. Under this method, compensation cost for stock options is measured at fair value at the date of grant using the Black-Scholes valuation model, and is expensed over the award's vesting period using the straight-line method. Any consideration paid by plan participants on the exercise of stock options or the purchase of shares is credited to common stock together with any related stock-based compensation expense. Compensation cost for restricted share units is measured at fair value at the date of grant which is the market price of the underlying security, and is expensed over the award's vesting period using the straight-line method.

(j) **Earnings (loss) per common share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) for the period by the weighted average number of company common shares outstanding during the reporting period. Diluted earnings (loss) per share is computed using the treasury stock method. When the effect of options and other securities convertible into common shares is anti-dilutive, including when the company has incurred a loss for the period, basic and diluted earnings (loss) per share are the same.

Under the treasury stock method, the number of dilutive shares, if any, is determined by dividing the average market price of shares for the period into the net proceeds of in-the-money options.

(k) **Translation of foreign currencies**

Our functional or primary operating currency is the U.S. dollar.

Revenue and expense items denominated in foreign currencies are translated at exchange rates prevailing during the period. Monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rates. Non-monetary assets and liabilities are translated at exchange rates in effect when the assets are acquired or the obligations are incurred. Foreign exchange gains and losses are reflected in net earnings (loss) for the period.

We have foreign subsidiaries that are considered to be self-contained and integrated within their foreign jurisdiction, and accordingly, use the respective local currency as their functional currency. The assets and liabilities of the foreign subsidiaries, including goodwill and fair value adjustments arising on acquisition, are translated at exchange rates at the balance sheet dates, equity is translated at historical rates, and revenue and expenses are translated at exchange rates prevailing during the period. The foreign exchange gains and losses arising from the translation are reported as a component of other comprehensive income (loss), as presented in note 22, *Accumulated Other Comprehensive Loss*.

(l) **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less. Short-term deposits are valued at amortized cost. The carrying amounts approximate fair value due to the short-term maturities of these instruments.

(m) **Allowance for doubtful accounts receivable**

We maintain an allowance for our accounts receivable for estimated losses that may result from our customers' inability to pay. We determine the amount of the allowance by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, insured amounts, if any, and changes in customer payment cycles and credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged against this allowance.

If the financial condition of any of our customers deteriorates resulting in an impairment of their ability to make payments, we may increase our allowance.

(n) **Inventories**

Inventories consist of electronic components and finished goods and are valued at the lower of cost or estimable realizable value, determined on a first-in-first-out basis. Cost is defined as all costs that relate to bringing the inventory to its present condition and location under normal operating conditions.

We review the components of our inventory and our inventory purchase commitments on a regular basis for excess and obsolete inventory based on estimated future usage and sales. Write-downs in inventory value or losses on inventory purchase commitments depend on various items, including factors related to customer demand, economic and competitive conditions, technological advances and new product introductions that vary from current expectations. We believe that the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demands for our inventory are substantially less than our estimates, additional inventory write-downs may be required.

(o) **Property and equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. We amortize our property and equipment on a straight-line basis over the following estimated economic lives:

Furniture and fixtures	3-5 years
Research and development equipment	3-10 years
Production equipment	2-7 years
Tooling	1.5-3 years
Computer equipment	1-5 years
Software	1-5 years
Office equipment	3-5 years
Network equipment	3-7 years

Research and development equipment related amortization is included in research and development expense. Tooling, production and certain network equipment related amortization is included in cost of goods sold. All other amortization is included in amortization expense.

Leasehold improvements and leased vehicles are amortized on a straight-line basis over the lesser of their expected average service life or term of the initial lease.

When we sell property and equipment, we net the historical cost less accumulated depreciation and amortization against the sale proceeds and include the difference in *Other income (expense)*.

(p) **Intangible assets**

The estimated useful life of intangible assets with definite lives is the period over which the assets are expected to contribute to our future cash flows. When determining the useful life, we consider the expected use of the asset, useful life of any related intangible asset, any legal, regulatory or contractual provisions that limit the useful life, any legal, regulatory, or contractual renewal or extension provisions without substantial costs or modifications to the existing terms and conditions, the effects of obsolescence, demand, competition and other economic factors, and the expected level of maintenance expenditures relative to the cost of the asset required to obtain future cash flows from the asset.

We amortize our intangible assets on a straight-line basis over the following specific periods:

Patents and trademarks	—	3-5 years
Licenses	—	over the shorter of the term of the license or an estimate of their useful life, ranging from three to ten years
Intellectual property and customer relationships	—	3-13 years
Brand	—	over the estimated life
In-process research and development	—	over the estimated life

In-process research and development (“IPRD”) are intangible assets acquired as part of business combinations. Prior to their completion, IPRD are intangible assets with indefinite life and they are not amortized but subject to impairment test on an annual basis.

Research and development related amortization is included in research and development expense. All other amortization is included in amortization expense.

(q) **Goodwill**

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed in a business combination.

Goodwill has an indefinite life, is not amortized, and is subject to a two-step impairment test on an annual basis. The first step compares the fair value of the reporting unit to its carrying amount, which includes the goodwill. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. If the carrying amount exceeds the implied fair value of the goodwill, the second step measures the amount of the impairment loss. If the carrying amount exceeds the fair value of the goodwill, an impairment loss is recognized equal to that excess.

(r) **Impairment of long-lived assets**

Long-lived assets, including property and equipment, and intangible assets other than goodwill, are assessed for potential impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. Intangible assets with indefinite lives are tested annually for impairment and in interim periods if certain events occur indicating that the carrying value of the intangible assets may be impaired.

(s) **Comprehensive income (loss)**

Comprehensive income (loss) includes net earnings (loss) as well as changes in equity from other non-owner sources. The other changes in equity included in comprehensive income (loss) are comprised of foreign currency cumulative translation adjustments and unrealized gains or losses on available-for-sale investments.

(t) **Investment tax credits**

Investment tax credits are accounted for using the flow-through method whereby such credits are accounted for as a reduction of income tax expense in the period in which the credit arises.

(u) **Comparative figures**

Certain figures presented in the consolidated financial statements have been reclassified to conform to the presentation adopted for the current year.

3. RECENTLY IMPLEMENTED ACCOUNTING STANDARDS

In September 2015, the FASB issued ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*. The update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The standard is effective for fiscal years beginning after December 15, 2015. Early application is permitted. We elected to early adopt this standard in the fourth quarter of 2015. During the fourth quarter of 2015, we made adjustments to the amounts previously recorded on the 2015 acquisitions of Wireless Maingate AB, Accel Networks LLC, and MobiquiThings SAS.

4. CHANGES IN FUTURE ACCOUNTING STANDARDS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606). The update is intended to clarify the principles of recognizing revenue, and to develop a common revenue standard for U.S. GAAP and IFRS that would remove inconsistencies in revenue requirements, leading to improved comparability of revenue recognition practices across entities and industries. ASC 606 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for annual and interim financial statements for fiscal years beginning after December 15, 2017. Early application is permitted in fiscal years beginning after December 15, 2016. We are in the process of evaluating the impact of this update and cannot reasonably estimate the effect on our financial statements and business at this time.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance about management's responsibility in evaluating whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. Given our financial condition, we do not expect the update to have a significant impact on our disclosures.

In April 2015, the FASB issued ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. The update provides accounting guidance for customers with cloud computing arrangements. The standard is effective for interim and annual periods ending after December 15, 2015. Early application is permitted. We do not expect this update to have a material impact on our financial statements and business.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The update provides that an entity should measure inventory within the scope of the standard at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standard is effective for interim and annual periods ending after December 15, 2016 and applied prospectively. Early application is permitted. We do not expect this update to have a material impact on our financial statements and business.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The standard is effective for interim and annual periods ending after December 15, 2016. Early application is permitted. Other than the revised presentation of deferred tax liabilities and assets from current to noncurrent, we do not expect this update to have an impact on our financial statements and business.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update is to improve transparency and comparability among organizations by requiring lessees to recognize right-of-use assets and lease liabilities on the balance sheet and requiring additional disclosure about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2018. Early application is permitted. We are in the process of evaluating the impact of this update and cannot reasonably estimate the effect on our financial statements and business at this time.

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

5. ACQUISITIONS

(a) M2M business of AnyDATA

On October 16, 2013, we completed the acquisition of substantially all of the M2M embedded module and modem related assets of AnyDATA Corporation ("AnyDATA") for cash consideration of $5.2 million. The acquisition extended our global leadership position in the growing M2M market and offered a significantly enhanced market position for us in key segments, as well as new geographical expansion into Korea. AnyDATA's results of operations and fair value of assets acquired and liabilities assumed are included in our consolidated financial statements from the date of acquisition.

We accounted for the transaction using the acquisition method and accordingly, the consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective fair values, as at October 16, 2013. The excess of the purchase price over the final value assigned to the net assets acquired was recorded as goodwill.

The following table summarizes the final amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

	$
Assets acquired	
Inventory	**1,296**
Machinery and equipment	**68**
Identifiable intangible assets	**1,793**
Goodwill	**2,061**
	5,218
Liabilities assumed	
Accrued liabilities	**22**
Fair value of net assets acquired	**5,196**

The goodwill of $2.1 million resulting from the acquisition offers us a significantly enhanced market position. Goodwill was assigned to the OEM Solutions segment and is not deductible for tax purposes.

The following table provides the components of the identifiable intangible assets acquired that are subject to amortization:

	Estimated useful life (in years)	$
Customer relationships	**5**	**1,284**
Existing technology	**3**	**385**
In-process research and development	**2**	**124**
		1,793

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

(b) In Motion Technology

On March 3, 2014, we completed the acquisition of all the shares of In Motion Technology Inc. ("In Motion") for total cash consideration of $26.1 million. In Motion is a leader in mobile enterprise networks that provides customers with fleets in mission critical environments with a secure, managed end-to-end communications system. In Motion's solutions are used by public safety, transit and utility fleets across the US and Canada.

In Motion's results of operations and fair value of assets acquired and liabilities assumed are included in our consolidated financial statements from the date of acquisition.

We accounted for the transaction using the acquisition method and accordingly, the consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective fair values as at March 3, 2014. The excess of the purchase price over the final value assigned to the net assets acquired was recorded as goodwill.

The following table summarizes the final amounts of the assets acquired and liabilities assumed at the acquisition date:

	$
Assets acquired	
Cash	**2,255**
Accounts receivable	**5,189**
Prepaid and other assets	**329**
Inventory	**1,059**
Property and equipment	**84**
Identifiable intangible assets	**13,529**
Goodwill	**8,697**
	31,142
Liabilities assumed	
Accounts payable and accrued liabilities	**2,817**
Deferred revenue	**1,772**
Deferred income tax	**445**
Fair value of net assets acquired	**26,108**

Goodwill of $8.7 million resulting from the acquisition consists largely of the expectation that the acquisition will extend our leadership position in the M2M market and offer us a significantly enhanced market position. Goodwill was assigned to the Enterprise Solutions segment and is not deductible for tax purposes.

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

The following table provides the components of the identifiable intangible assets acquired that are subject to amortization:

	Estimated useful life	$
Backlog	**7 months**	**358**
Customer relationships	**13 years**	**8,739**
Existing technology	**7 years**	**3,144**
In-process research and development	**5 years**	**1,288**
		13,529

The following table presents the unaudited pro forma results for the year ended December 31, 2014 and 2013. The pro forma financial information combines the results of operations of Sierra Wireless, Inc. and In Motion as though the businesses had been combined as of the beginning of fiscal 2013. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal 2013. The pro forma financial information presented includes amortization charges for acquired tangible and intangible assets, and related tax effects.

	2014	2013
Pro forma information		
Revenue	**$ 550,279**	$ 457,152
Loss from operations	**(7,507)**	(18,233)
Net earnings (loss)	**(17,559)**	54,875
Basic and diluted earnings (loss) per share (in dollars)	**$ (0.56)**	$ 1.78

(c) Wireless Maingate AB

On January 16, 2015, we acquired all of the shares of Wireless Maingate AB ("Maingate") for cash consideration of $91.6 million ($88.4 million, net of cash acquired). Maingate is a Sweden-based provider of M2M connectivity and data management services.

We accounted for the transaction using the acquisition method and accordingly, recorded the tangible and intangible assets acquired and liabilities assumed on the basis of our estimates of their respective fair values as at January 16, 2015. The excess of the purchase price over the final value assigned to the net assets acquired is recorded as goodwill.

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

The following table summarizes the final values assigned to the assets acquired and liabilities assumed at the acquisition date:

	$
Assets acquired	
Cash	**3,139**
Accounts receivable	**2,795**
Prepaid and other assets	**270**
Inventory	**75**
Property and equipment	**275**
Identifiable intangible assets	**50,231**
Goodwill	**45,593**
	102,378
Liabilities assumed	
Accounts payable and accrued liabilities	**4,437**
Deferred revenue	**172**
Deferred income tax	**6,181**
Fair value of net assets acquired	**91,588**

The goodwill of $45.6 million resulting from the acquisition consists largely of the expectation that the acquisition will strengthen our business and offer us significantly enhanced market position in Europe. Goodwill has been assigned to the Cloud and Connectivity Services segment and is not deductible for tax purposes.

The following table provides the components of the identifiable intangible assets acquired that are subject to amortization:

	Estimated useful life	$
Brand	**20 years**	**4,820**
Customer relationships	**12 years**	**34,571**
Existing technology	**4 years**	**3,411**
In-process research and development	**8 years**	**7,429**
		50,231

The amount of revenue of Maingate included in our consolidated statements of operations from the acquisition date, through the period ended December 31, 2015, was $15.3 million. The amount of net loss of Maingate included in our consolidated statements of operations for the aforementioned period was $0.3 million.

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

The following table presents the unaudited pro forma results for the year ended December 31, 2015 and 2014. The pro forma financial information combines the results of operations of Sierra Wireless, Inc. and Maingate as though the businesses had been combined as of the beginning of fiscal 2014. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal 2014. The unaudited pro forma financial information presented includes amortization charges for acquired tangible and intangible assets, and related tax effects.

	2015	2014
Pro forma information		
Revenue	**$ 608,516**	$ 569,340
Earnings (loss) from operations	**8,861**	(4,719)
Net loss	**(3,652)**	(15,339)
Basic and diluted loss per share (in dollars)	**$ (0.11)**	$ (0.49)

(d) Accel Networks LLC

On June 18, 2015, we acquired substantially all of the assets of Accel Networks LLC ("Accel") for cash consideration of $9.5 million, plus a maximum contingent consideration of $1.5 million under a performance-based earnout formula. Accel is a leader in managed cellular broadband technology and connectivity services in North America.

At acquisition date, we recognized the fair value of the contingent consideration at $0.8 million based on a weighted probability estimate of achievement of the earnout within the specified 12 month period of the contingent consideration. At December 31, 2015, management determined that the achievement of the earnout will not be attained and recorded the reversal of the fair value of the contingent consideration in *acquisition-related costs*.

We accounted for the transaction using the acquisition method and accordingly, we have recorded the tangible and intangible assets acquired and liabilities assumed on the basis of their respective fair values as at June 18, 2015. The excess of the purchase price over the final value assigned to the net assets acquired is recorded as goodwill.

Total consideration for the acquisition is as follows:

	$
Cash	**9,471**
Contingent consideration	**753**
	10,224

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

The following table summarizes the final values assigned to the assets acquired and liabilities assumed at the acquisition date:

	$
Assets acquired	
Accounts receivable	**551**
Prepaid and other assets	**59**
Inventory	**133**
Property and equipment	**1,388**
Identifiable intangible assets	**5,499**
Goodwill	**3,706**
	11,336
Liabilities assumed	
Accounts payable and accrued liabilities	**1,034**
Deferred revenue	**78**
Fair value of net assets acquired	**10,224**

The goodwill of $3.7 million resulting from the acquisition consists largely of the expectation that the acquisition will strengthen our Cloud and Connectivity Services segment. Goodwill has been assigned to the Cloud and Connectivity Services segment and is deductible for tax purposes.

The following table provides the components of the identifiable intangible assets acquired that are subject to amortization:

	Estimated useful life	$
Brand	**20 years**	**1,169**
Customer relationships	**10 years**	**2,352**
Existing technology	**5 years**	**1,978**
		5,499

The amount of revenue of Accel included in our consolidated statements of operations from the acquisition date, through the period ended December 31, 2015, was $4.0 million. The amount of net loss of Accel included in our consolidated statements of operations for the aforementioned period was $0.3 million.

The acquisition had no significant impact on revenues and net earnings for the year ended December 31, 2015. There was also no significant impact on the Company's revenues and net income on a pro forma basis for all periods presented.

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

(e) MobiquiThings SAS

On September 2, 2015, we acquired all of the shares of MobiquiThings SAS ("MobiquiThings") for cash consideration of €13.5 million ($15.2 million), plus a maximum contingent consideration of €12 million under a performance-based earnout formula. MobiquiThings is a France-based mobile virtual network operator dedicated exclusively to the Machine-to-Machine and Telematics marketplace.

At acquisition date, we recognized the contingent consideration at fair value based on a weighted probability estimate of achievement of the earnout within the specified periods of the contingent consideration. In accordance with ASC 805, *Business Combinations*, $0.5 million was recognized as purchase price consideration and the remaining balance will be expensed to acquisition-related costs over the earnout period. The change in fair value at each reporting period will be recognized in earnings.

Total consideration for the acquisition is as follows:

	€	$
Cash	**13,506**	**15,216**
Contingent consideration	**470**	**529**
	13,976	**15,745**

We accounted for the transaction using the acquisition method and accordingly, we have recorded the tangible and intangible assets acquired and liabilities assumed on the basis of our estimates of their respective fair values as at September 2, 2015. The excess of the purchase price over the preliminary value assigned to the net assets acquired is recorded as goodwill.

The following table summarizes the preliminary values assigned to the assets acquired and liabilities assumed at the acquisition date:

	€	$
Assets acquired		
Cash	**214**	**241**
Accounts receivable	**1,026**	**1,156**
Prepaids and other assets	**107**	**120**
Property and equipment	**1,041**	**1,173**
Identifiable intangible assets	**5,071**	**5,713**
Goodwill	**9,922**	**11,179**
	17,381	**19,582**
Liabilities assumed		
Accounts payable and accrued liabilities	**1,715**	**1,932**
Deferred income tax	**1,690**	**1,905**
Fair value of net assets acquired	**13,976**	**15,745**

The goodwill of $11.2 million resulting from the acquisition consists largely of the expectation that the acquisition will further solidify our device-to-cloud strategy. Goodwill will be assigned to the Cloud and Connectivity Services segment and is not deductible for tax purposes.

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

The following table provides the preliminary components of the identifiable intangible assets acquired that are subject to amortization:

	Estimated useful life	€	$
Customer relationships	**11 years**	**3,379**	**3,807**
Existing technology	**4.5 years**	**1,692**	**1,906**
		5,071	**5,713**

The amount of revenue of MobiquiThings included in our consolidated statements of operations from the acquisition date, through the period ended December 31, 2015, was $0.8 million. The amount of net loss of MobiquiThings included in our consolidated statements of operations for the aforementioned period was $0.2 million.

The acquisition had no significant impact on revenues and net earnings for the year ended December 31, 2015. There was also no significant impact on the Company's revenues and net income on a pro forma basis for all periods presented.

6. DISPOSITION OF AIRCARD BUSINESS

On April 2, 2013, we completed the sale of substantially all of the assets and operations related to our AirCard business to Netgear, Inc. ("Netgear") for total proceeds of $136.6 million after final inventory adjustments plus assumed liabilities. After transaction costs of $2.8 million, we recorded an after tax gain on disposal of $70.2 million. On April 3, 2014, we received the full $13.8 million cash proceeds previously held in escrow for realized net cash proceeds of $127.8 million from the divestiture after giving consideration to related taxes and transaction costs.

The gain on sale of the AirCard business consisted of:

Cash proceeds received	**$**	**122,807**
Proceeds held in escrow		**13,800**
Total proceeds	**$**	**136,607**
Transaction costs		**(2,849)**
Net proceeds	**$**	**133,758**
Assets and liabilities held for sale		**(39,680)**
Gross gain on disposal	**$**	**94,078**
Income tax expense		**(23,896)**
Gain on disposal, net of taxes	**$**	**70,182**

The company utilized $14.4 million of deferred income tax assets against the gain on sale of the AirCard business.

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

The results related to the AirCard business have been presented as discontinued operations in the statement of earnings for the year ended December 31, 2013 and were as follows:

		2013
Revenue	$	46,701
Cost of goods sold		32,978
Gross margin	$	13,723
Expenses		(12,918)
Gain on sale of AirCard business		94,078
Earnings before income taxes	$	94,883
Income tax expense		(24,295)
Net earnings from discontinued operations	$	70,588

7. SEGMENTED INFORMATION

We implemented a new organizational structure during the third quarter of 2015 and we have three reportable segments effective October 1, 2015.

- OEM Solutions
- Enterprise Solutions
- Cloud and Connectivity Services

Our segments have changed from those reported at December 31, 2014 when we reported two segments. We have not restated our comparative information as the operations related to Cloud and Connectivity Services that were formerly included in the Enterprise Solutions segment were not material prior to 2015.

As we do not evaluate the performance of our operating segment based on segment assets, management does not classify asset information on a segmented basis. Despite the absence of discrete financial information we do measure our revenue based on other forms of categorization such as by the geographic distribution in which our products are sold.

REVENUE AND GROSS MARGIN BY SEGMENT

	Year ended December 31, 2015							
		OEM Solutions		**Enterprise Solutions**		**Cloud and Connectivity Services**		**Total**
Revenue	$	523,366	$	63,072	$	21,360	$	607,798
Cost of goods sold		371,559		29,945		12,439		413,943
Gross margin	$	151,807	$	33,127	$	8,921	$	193,855
Gross margin %		29.0%		52.5%		41.8 %		31.9%
Expenses								183,741
Earnings from operations							$	10,114
Total assets							$	546,332

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

	Year ended December 31, 2014			
	OEM Solutions	Enterprise Solutions	Cloud and Connectivity Services	Total
Revenue	$ 476,650	$ 71,873	$ —	$ 548,523
Cost of goods sold	336,132	33,412	—	369,544
Gross margin	$ 140,518	$ 38,461	$ —	$ 178,979
Gross margin %	29.5%	53.5%	—	32.6%
Expenses				185,573
Loss from operations				$ (6,594)
Total assets				$ 515,364

	Year ended December 31, 2013			
	OEM Solutions	Enterprise Solutions	Cloud and Connectivity Services	Total
Revenue	$ 382,016	$ 59,844	$ —	$ 441,860
Cost of goods sold	266,867	29,352	—	296,219
Gross margin	$ 115,149	$ 30,492	$ —	$ 145,641
Gross margin %	30.1%	51.0%	—	33.0%
Expenses				163,305
Loss from operations				$ (17,664)
Total assets				$ 512,000

REVENUE BY GEOGRAPHICAL REGION

	2015	2014	2013
Americas	**$ 196,476**	$ 157,803	$ 135,560
Europe, Middle East and Africa	**116,686**	87,629	91,839
Asia-Pacific	**294,636**	303,091	214,461
	$ 607,798	$ 548,523	$ 441,860

PROPERTY AND EQUIPMENT BY GEOGRAPHICAL REGION

	2015	2014
Americas	**$ 15,324**	$ 9,477
Europe, Middle East and Africa	**8,171**	6,760
Asia-Pacific	**5,452**	4,480
	$ 28,947	$ 20,717

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

8. RESEARCH AND DEVELOPMENT

The components of research and development costs consist of the following:

		2015		2014		2013
Gross research and development	**$**	**74,599**	$	82,649	$	75,980
Government tax credits		**(579)**		(1,712)		(2,868)
	$	**74,020**	$	80,937	$	73,112

9. RESTRUCTURING

The following table provides the activity in the restructuring liability:

		2015		2014
Balance, beginning of year	**$**	**348**	$	88
Expensed in year		**951**		1,598
Disbursements		**(894)**		(1,261)
Foreign exchange		**(32)**		(77)
Balance, end of year	**$**	**373**	$	348
Classification:				
Accounts payable and accrued liabilities	**$**	**373**	$	348
By restructuring initiative:				
June 2015	**$**	**48**	$	—
June 2014		**325**		270
May 2009 and prior		**—**		78
	$	**373**	$	348

In June 2015, management implemented a plan to realign responsibilities within our Enterprise Solutions segment to reflect the natural evolution of our business and to provide dedicated focus on our AirLink gateways business and on integrating recent acquisitions with our AirVantage cloud and connectivity capabilities, in order to accelerate services revenue growth. We recorded $590 in severance and other related costs associated with this reorganization. The remaining liability is expected to be paid out by February 2016. During the year ended December 31, 2015, we recorded additional restructuring expenses of $361 related to prior initiatives.

During the year ended December 31, 2014, we made the decision to reduce the scope of our 2G chipset development activities and recorded $1,430 in related severance and other costs.

10. OTHER INCOME (EXPENSE)

The components of other income (expense) for the years ended December 31 were as follows:

		2015		2014		2013
Interest income	**$**	**269**	$	1,009	$	237
Interest expense		**(154)**		(134)		(345)
Other		**—**		(21)		10
	$	**115**	$	854	$	(98)

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

11. INCOME TAXES

The components of earnings (loss) before income taxes consist of the following:

	2015	2014	2013
Continuing operations:			
Canadian	**$ 2,611**	$ 3,604	$ 6,497
Foreign	**(4,225)**	(21,734)	(20,436)
	(1,614)	(18,130)	(13,939)
Discontinued operations:			
Canadian	**—**	—	80,395
Foreign	**—**	—	14,488
	—	—	94,883
Earnings (loss) before income taxes	**$ (1,614)**	$ (18,130)	$ 80,944

The income tax expense (recovery) consists of:

	2015	2014	2013
Canadian:			
Current	**$ 11**	$ (1,165)	$ 64
Deferred	**(2,086)**	(2,510)	10,614
	(2,075)	(3,675)	10,678
Foreign:			
Current	**$ 5,511**	$ 2,630	$ 9,646
Deferred	**(2,376)**	(232)	5,582
	3,135	2,398	15,228
Total:			
Current	**$ 5,522**	$ 1,465	$ 9,710
Deferred	**(4,462)**	(2,742)	16,196
	$ 1,060	$ (1,277)	$ 25,906
Classification:			
Income tax expense (recovery) — continuing operations	**$ 1,060**	$ (1,277)	$ 1,611
Income tax expense — discontinued operations	**—**	—	24,295
	$ 1,060	$ (1,277)	$ 25,906

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

The reconciliation of income taxes calculated at the statutory rate to the actual income tax provision for the years ended December 31 was as follows:

	2015	2014	2013
Income tax expense (recovery) at Canadian statutory income tax rates of 26.01% (2014 - 26.02%; 2013 - 25.79%)	$ **(421)**	$ (4,733)	$ 20,872
Increase (decrease) in income taxes for:			
Permanent and other differences	**(464)**	(227)	(2,339)
Change in statutory/foreign tax rates	**(979)**	(2,930)	(1,210)
Change in valuation allowance	**1,952**	5,051	8,875
Stock-based compensation expense	**1,206**	1,385	(150)
Adjustment to prior years	**(234)**	177	(142)
Income tax expense (recovery)	$ **1,060**	$ (1,277)	$ 25,906

Deferred tax assets and liabilities

The tax effects of temporary differences that give rise to significant deferred tax assets and deferred tax liabilities were as follows at December 31:

	2015	2014
Deferred income tax assets (liabilities)		
Property and equipment	$ **2,532**	$ 3,014
Non capital loss carry-forwards	**76,183**	74,269
Capital loss carry-forwards	**4,487**	4,778
Scientific research and development expenses and credits	**21,988**	23,250
Reserves and other	**13,716**	12,086
Acquired Intangibles	**(9,498)**	1,629
	109,408	119,026
Valuation allowance	**106,210**	110,802
	$ **3,198**	$ 8,224

	2015	2014
Classification:		
Assets		
Current	$ **4,735**	$ 4,779
Non-current	**10,130**	3,898
Liabilities		
Non-current	**(11,667)**	(453)
	$ **3,198**	$ 8,224

At December 31, 2015, we have provided for a valuation allowance on our deferred tax assets of $106,210 (2014 - $110,802).

At December 31, 2015, we have Canadian allowable capital loss carry-forwards of $11,519 that are available, indefinitely, to be deducted against future Canadian taxable capital gains. In addition, we have investment tax credits of $20,208 and $8,529 available to offset future Canadian federal and provincial income taxes payable, respectively. Of these amounts, $670 and $472, respectively, are associated with windfall tax benefits and will be recorded as additional paid-in-capital when realized. The investment tax credits expire between 2016 and 2035. At December 31, 2015, our U.S. subsidiary has $6,486 of California research & development tax credits which may be carried forward indefinitely. The amounts are after the estimated utilization from the sale of AirCard business described below.

At December 31, 2015, net operating loss carry-forwards for our foreign subsidiaries were $8,291 for U.S. income tax purposes that expire between 2020 and 2023, $91 for Hong Kong income tax purposes, $17,693 for Sweden income tax purposes, $559 for Luxembourg income tax purposes, and $196,938 for French income tax purposes. The Hong Kong, Sweden, Luxembourg and French net operating loss carry-forward may be carried forward indefinitely. Our foreign subsidiaries may be limited in their ability to use foreign net operating losses in any single year depending on their ability to generate significant taxable income. In addition, the utilization of the U.S. net operating losses is also subject to ownership change limitations provided by U.S. federal and specific state income tax legislation. The amount of French net operating losses deducted each year is limited to €1.0 million plus 50% of French taxable income in excess of €1.0 million. Our French net operating losses carry-forward is subject to the “continuity of business” requirement. Our French subsidiaries also have research tax credit carried forward of $6,613 as at December 31, 2015. The French research tax credit may be used to offset against corporate income tax and if any credit is not fully utilized within a three year period following the year the research tax credit is earned, it may be refunded by the French tax authorities. Tax loss and research tax credit carry-forwards are denominated in the currency of the countries in which the respective subsidiaries are located and operate. Fluctuations in currency exchange rates could reduce the U.S. dollar equivalent value of these tax loss and research tax credit carry forwards in future years.

In assessing the realizability of our deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which temporary differences become deductible and the loss carry-forwards or tax credits can be utilized. Management considers projected future taxable income and tax planning strategies in making our assessment.

On the disposition of the AirCard assets to Netgear (note 6), we utilized $27,680 of Canadian scientific research and development expenditures, $44 of Canadian allowable capital loss, $2,621 of Canadian Federal and Provincial investment tax credits, $4,401 and $1,555 of U.S. Federal and California net operating loss, respectively, and $2,439 of U.S. Federal research & development tax credit.

No provision for taxes have been provided on undistributed foreign earnings, as it is the company’s intention to indefinitely reinvest undistributed earnings of its foreign subsidiaries. It is not practical to estimate the income tax liability that might be incurred if there is a change in management’s intention in the event that a remittance of such earnings occurs in the future.

Accounting for uncertainty in income taxes

At December 31, 2015, we had gross unrecognized tax benefits of $4,346 (2014 — $5,913). Of this total, $879 (2014 — $2,429) represents the amount of unrecognized tax benefits that, if recognized, would favorably impact our effective tax rate.

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

Below is a reconciliation of the total amounts of unrecognized tax benefits for the years ended December 31:

		2015		2014
Unrecognized tax benefits, beginning of year	$	5,913	$	8,304
Increases — tax positions taken in prior periods		78		61
Increases — tax positions taken in current period		115		15
Settlements and lapses of statute of limitations		(1,760)		(2,467)
Unrecognized tax benefits, end of year	$	4,346	$	5,913

We recognize interest expense and penalties related to unrecognized tax benefits within the provision for income tax expense on the consolidated statement of operations. At December 31, 2015, we had accrued $1,044 (2014 - $1,305) for interest and penalties.

In the normal course of business, we are subject to audit by the Canadian federal and provincial taxing authorities, by the U.S. federal and various state taxing authorities and by the taxing authorities in various foreign jurisdictions. Tax years ranging from 2004 to 2015 remain subject to examination in Canada, the United States, the United Kingdom, France, Germany, Australia, China, Hong Kong, Brazil, South Africa, Japan, Korea, Taiwan, Italy, Sweden, Norway, India, Spain, and Luxembourg.

The Company regularly engages in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. The Company believes it is reasonably possible that certain tax matters may be concluded in the next 12 months. The Company estimates that the unrecognized tax benefits at December 31, 2015 could be increased by approximately $162 in the next 12 months.

12. STOCK-BASED COMPENSATION PLANS

(a) Stock-based compensation expense:

		2015		2014		2013
Cost of goods sold	$	630	$	519	$	406
Sales and marketing		2,151		1,868		1,862
Research and development		1,422		1,809		1,433
Administration		4,739		5,208		4,289
Continuing operations		8,942		9,404		7,990
Discontinued operations		—		—		1,357
	$	8,942	$	9,404	$	9,347
Stock option plan		2,090		2,250		2,548
Restricted stock plan		6,852		7,154		6,799
	$	8,942	$	9,404	$	9,347

(b) Stock option plan

Under the terms of our Stock Option Plan (the "Plan"), our Board of Directors may grant options to employees, officers and directors. The maximum number of shares available for issue under the Plan is the lesser of 10% of the number of issued and outstanding common shares from time to time or 7,000,000 common shares. Based on the number of shares outstanding as at December 31, 2015, stock options exercisable into 2,267,809 common shares are available for future allocation under the Plan.

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

The Plan provides that the exercise price of an option will be determined on the date of grant and will not be less than the closing market price of our stock at that date. Options generally vest over four years, with the first 25% vesting at the first anniversary date of the grant and the balance vesting in equal amounts at the end of each month thereafter. We determine the expiry date of each option at the time it is granted, which cannot be more than five years after the date of the grant.

The fair value of share options was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2015	2014	2013
Risk-free interest rate	**0.97%**	1.25%	0.89%
Annual dividends per share	**Nil**	Nil	Nil
Expected stock price volatility	**44%**	46%	50%
Expected option life (in years)	**4.0**	4.0	4.0
Average fair value of options granted (in dollars)	**$ 10.64**	$ 6.86	$ 4.42

There is no dividend yield because we do not pay, and do not plan to pay, cash dividends on our common shares. The expected stock price volatility is based on the historical volatility of our average monthly stock closing prices over a period equal to the expected life of each option grant. The risk-free interest rate is based on yields from risk-free instruments with a term equal to the expected term of the options being valued. The expected life of options represents the period of time that the options are expected to be outstanding based on historical data of option holder exercise and termination behavior. We estimate forfeitures at the time of grant and, if necessary, revise that estimate if actual forfeitures differ and adjust stock-based compensation expense accordingly.

The following table presents stock option activity for the years ended December 31:

	Number of Options	**Weighted Average Exercise Price Cdn.$**	**Weighted Average Exercise Price U.S.$**	**Weighted Average Remaining Contractual Life In Years**	**Aggregate Intrinsic Value U.S.$**
Outstanding, December 31, 2012	2,355,877	9.89	9.96	2.5	735
Granted	642,025	11.92	11.22		
Exercised	(965,228)	8.81	8.29		5,425
Forfeited	(495,088)	15.14	14.25		
Outstanding, December 31, 2013	1,537,586	10.37	9.76	3.1	22,164
Granted	300,150	21.57	18.57		
Exercised	(686,384)	10.64	9.15		10,535
Forfeited	(7,295)	11.83	10.18		
Outstanding, December 31, 2014	1,144,057	13.94	12.00	2.9	40,550
Granted	**218,331**	**41.62**	**29.94**		
Exercised	**(357,136)**	**14.42**	**10.37**		**6,813**
Forfeited	**(39,341)**	**23.74**	**17.09**		
Outstanding, December 31, 2015	**965,911**	**21.47**	**15.44**	**2.5**	**3,541**

The intrinsic value of outstanding stock options is calculated as the quoted market price of the stock at the balance sheet date, or date of exercise, less the exercise price of the option.

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

The following table summarizes the stock options outstanding and exercisable at December 31, 2015:

Range of Exercise Prices	Options Outstanding: Number of Options	Options Outstanding: Weighted Average Remaining Option Life (years)	Options Outstanding: Weighted Average Exercise Price Cdn.$	Options Outstanding: Weighted Average Exercise Price U.S.$	Options Exercisable: Number of Options Exercisable	Options Exercisable: Weighted Average Exercise Price Cdn.$	Options Exercisable: Weighted Average Exercise Price U.S.$
$5.38 – $8.45 U.S. $7.48 – $11.75 Cdn	**293,562**	**1.5**	**10.62**	**7.64**	**206,966**	**10.41**	**7.49**
$8.46 – $11.72 U.S. $11.76 – $16.28 Cdn	**237,441**	**2.0**	**15.52**	**11.17**	**138,421**	**15.41**	**11.09**
$11.73 – $19.46 U.S. $16.29 – $27.05 Cdn	**228,609**	**3.2**	**23.16**	**16.66**	**67,859**	**22.92**	**16.49**
$19.47 – $33.60 U.S. $27.06 – $46.71 Cdn	**206,299**	**4.1**	**41.86**	**30.12**	**5,276**	**33.50**	**24.10**
	965,911	**2.5**	**21.47**	**15.44**	**418,522**	**14.38**	**10.35**

The options outstanding at December 31, 2015 expire between February 14, 2016 and November 9, 2020.

As at December 31, 2015, the unrecognized stock-based compensation cost related to the non-vested stock options was $3,171 (2014 — $3,369; 2013 — $3,641), which is expected to be recognized over a weighted average period of 2.4 years (2014 — 2.4 years; 2013 — 2.5 years).

(c) Restricted share plans

We have two market based restricted share unit plans: one for U.S. employees and one for all non-U.S. employees, and a treasury based restricted share unit plan (collectively, the "RSPs"). The RSPs further our growth and profitability objectives by providing long-term incentives to certain executives and other key employees and also encourage our objective of employee share ownership through the granting of restricted share units ("RSUs"). There is no exercise price or monetary payment required from the employees upon the grant of an RSU or upon the subsequent delivery of our common shares (or, in certain jurisdictions, cash in lieu at the option of the Company) to settle vested RSUs. The form and timing of settlement is subject to local laws. With respect to the treasury based RSPs, the maximum number of share units outstanding under the Plan shall not exceed 3.5% of the number of issued and outstanding shares. Based on the number of shares outstanding as at December 31, 2015, 601,187 share units are available for future allocation under the Plan. With respect to the two market based RSPs, independent trustees purchase Sierra Wireless common shares over the facilities of the TSX and Nasdaq, which are used to settle vested RSUs. The existing trust funds are variable interest entities and are included in these consolidated financial statements as treasury shares held for RSU distribution.

Generally, RSUs vest over three years, in equal one-third amounts on each anniversary date of the grant. RSU grants to employees who are resident in France for French tax purposes will not vest before the second anniversary from the date of grant, and any shares issued are subject to an additional two year tax hold period.

The intrinsic value of outstanding RSUs is calculated as the quoted market price of the stock at the balance sheet date, or date of vesting.

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

The following table summarizes the RSU activity for the years ended December 31:

	Number of RSUs	Weighted Average Grant Date Fair Value Cdn.$	Weighted Average Grant Date Fair Value U.S.$	Weighted Average Remaining Contractual Life In years	Aggregate Intrinsic Value U.S.$
Outstanding, December 31, 2012	1,224,995	8.71	8.68	1.9	9,746
Granted	843,592	12.09	11.38		
Vested / settled	(573,613)	9.54	8.98		6,456
Forfeited	(52,859)	9.74	9.17		
Outstanding, December 31, 2013	1,442,115	10.59	9.98	1.8	34,867
Granted	342,225	21.67	18.66		
Vested / settled	(617,755)	10.64	9.16		12,364
Forfeited	(4,820)	13.24	11.40		
Outstanding, December 31, 2014	1,161,765	14.56	12.54	1.7	55,118
Granted	**230,689**	**42.16**	**30.33**		
Vested / settled	**(590,720)**	**14.20**	**10.21**		**19,494**
Forfeited	**(23,501)**	**30.02**	**21.60**		
Outstanding, December 31, 2015	**778,233**	**25.08**	**18.04**	**1.8**	**12,219**
Outstanding – vested and not settled	**99,552**				
Outstanding – unvested	**678,681**				
Outstanding, December 31, 2015	**778,233**				

As at December 31, 2015, the total remaining unrecognized compensation cost associated with the RSUs totaled $6,838 (2014 — $7,209; 2013 — $8,058), which is expected to be recognized over a weighted average period of 1.3 years (2014 — 1.1 years; 2013 — 1.8 years).

13. EARNINGS (LOSS) PER SHARE

The following table provides the reconciliation between basic and diluted earnings (loss) per share:

	2015	2014	2013
Net loss from continuing operations	**$ (2,674)**	$ (16,853)	$ (15,550)
Net earnings from discontinued operations	**—**	—	70,588
Net earnings (loss)	**$ (2,674)**	$ (16,853)	$ 55,038
Weighted average shares used in computation of:			
Basic	**32,166**	31,512	30,771
Assumed conversion	**—**	—	—
Diluted	**32,166**	31,512	30,771
Basic and dilutive earnings (loss) per share (in dollars):			
Continuing operations	**$ (0.08)**	$ (0.53)	$ (0.50)
Discontinued operations	**—**	—	2.29
	$ (0.08)	$ (0.53)	$ 1.79

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

As the Company incurred a loss for the year ended December 31, 2015, all equity awards were anti-dilutive and are excluded from the diluted weighted average shares.

14. ACCOUNTS RECEIVABLE

The components of accounts receivable at December 31 were as follows:

		2015		2014
Trade receivables	**$**	**99,027**	$	92,531
Less: allowance for doubtful accounts		**(2,088)**		(2,275)
		96,939		90,256
Sales taxes receivable		**2,096**		1,979
Other receivables		**17,211**		14,564
	$	**116,246**	$	106,799

The movement in the allowance for doubtful accounts during the years ended December 31 were as follows:

		2015		2014		2013
Balance, beginning of year	**$**	**2,275**	$	2,279	$	2,435
Bad debt expense		**615**		329		1,077
Write-offs and settlements		**(792)**		(290)		(1,242)
Foreign exchange		**(10)**		(43)		9
	$	**2,088**	$	2,275	$	2,279

15. INVENTORIES

The components of inventories at December 31 were as follows:

		2015		2014
Electronic components	**$**	**19,203**	$	5,608
Finished goods		**13,626**		11,837
	$	**32,829**	$	17,445

16. PREPAIDS AND OTHER

The components of prepaids and other at December 31 were as follows:

		2015		2014
Inventory advances	**$**	**1,159**	$	639
Insurance and licenses		**7,601**		3,009
Other		**5,419**		4,178
	$	**14,179**	$	7,826

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

17. PROPERTY AND EQUIPMENT

The components of property and equipment at December 31 were as follows:

	2015		
	Cost	**Accumulated amortization**	**Net book value**
Furniture and fixtures	**$ 1,420**	**$ 867**	**$ 553**
Research and development equipment	**29,184**	**21,435**	**7,749**
Production equipment and tooling	**40,181**	**29,161**	**11,020**
Computer equipment	**7,256**	**5,562**	**1,694**
Software	**7,134**	**4,852**	**2,282**
Leasehold improvements	**4,456**	**2,121**	**2,335**
Leased vehicles	**947**	**547**	**400**
Office equipment	**2,533**	**2,132**	**401**
Network equipment	**2,828**	**315**	**2,513**
	$ 95,939	**$ 66,992**	**$ 28,947**

	2014		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 1,245	$ 708	$ 537
Research and development equipment	28,217	20,805	7,412
Production equipment and tooling	34,590	27,212	7,378
Computer equipment	6,053	4,770	1,283
Software	5,476	4,178	1,298
Leasehold improvements	3,244	1,412	1,832
Leased vehicles	1,111	663	448
Office equipment	2,594	2,065	529
	$ 82,530	$ 61,813	$ 20,717

During the year ended December 31, 2014, the Company decided to reduce the scope of its 2G chipset development activities, resulting in a $611 impairment to production equipment and tooling. For the year ended December 31, 2015, no impairment was recognized relating to property and equipment.

Amortization expense relating to property and equipment was $8,479, $8,974, and $10,057 for the years ended December 31, 2015, 2014, and 2013, respectively.

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

18. INTANGIBLE ASSETS

The components of intangible assets at December 31 were as follows:

	2015		
	Cost	**Accumulated amortization**	**Net book value**
Patents and trademarks	**$ 14,285**	**$ 8,701**	**$ 5,584**
Licenses	**54,622**	**53,143**	**1,479**
Intellectual property	**17,622**	**9,231**	**8,391**
Customer relationships	**89,638**	**35,543**	**54,095**
Brand	**5,787**	**252**	**5,535**
In-process research and development	**12,984**	**3,818**	**9,166**
	$ 194,938	**$ 110,688**	**$ 84,250**

	2014		
	Cost	Accumulated amortization	Net book value
Patents and trademarks	$ 14,919	$ 8,114	$ 6,805
Licenses	58,302	54,866	3,436
Intellectual property	8,418	7,081	1,337
Customer relationships	52,989	31,060	21,929
In-process research and development	8,498	4,112	4,386
	$ 143,126	$ 105,233	$ 37,893

Estimated annual amortization expense for the next 5 years ended December 31 are as follows:

2016	**$ 12,441**
2017	**12,003**
2018	**11,206**
2019	**9,420**
2020	**7,692**

During the year ended December 31, 2014, the Company decided to reduce the scope of its 2G chipset development activities, resulting in a $3,145 impairment to licenses and in-process research and development. For the year ended December 31, 2015, no impairment was recognized relating to intangible assets.

Amortization expense relating to intangible assets was $11,737, $14,543, and $18,239 for the years ended December 31, 2015, 2014, and 2013, respectively.

The weighted-average remaining useful lives of intangible assets was 8.7 years as at December 31, 2015.

At December 31, 2015, a net carrying amount of $8,404 (December 31, 2014 - $1,288) included in intangible assets was not subject to amortization.

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

19. GOODWILL

We assessed the recoverability of goodwill as at September 30, 2015 for each of the identified reporting units and determined that the fair value of each of the two reporting units exceeded its carrying value. Therefore, the second step of the impairment test that measures the amount of an impairment loss by comparing the implied fair market value with the carrying amount of goodwill for each reporting unit was not required.

We implemented a new organization structure that resulted in three reportable segments effective October 1, 2015. Accordingly, we reassigned goodwill using a relative fair value allocation approach and updated our goodwill valuation analysis. There was no impairment of goodwill during the years ended December 31, 2015, 2014 and 2013.

The changes in the carrying amount of goodwill for the years ended December 31 were as follows:

		2015		2014
Balance at beginning of year	**$**	**103,966**	$	102,718
Goodwill acquired (note 5(c), 5(d) and 5(e))		**60,478**		8,697
Foreign currency translation adjustments		**(7,956)**		(7,449)
	$	**156,488**	$	103,966
OEM Solutions	**$**	**103,567**	$	80,699
Enterprise Solutions		**24,993**		23,267
Cloud and Connectivity Services		**27,928**		—
	$	**156,488**	$	103,966

20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities at December 31 were as follows:

		2015		2014
Trade payables	**$**	**81,879**	$	75,452
Inventory commitment reserve		**1,866**		1,777
Accrued royalties		**9,750**		18,895
Accrued payroll and related liabilities		**10,879**		11,300
Taxes payable (including sales taxes)		**2,501**		4,742
Product warranties (note 26(b)(iii))		**7,362**		5,951
Other		**14,300**		10,079
	$	**128,537**	$	128,196

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

21. LONG-TERM OBLIGATIONS

The components of long-term obligations at December 31 were as follows:

	2015	2014
Accrued royalties	**$ 35,451**	$ 22,101
Other	**8,902**	4,507
	$ 44,353	$ 26,608

22. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss at December 31, net of taxes, were as follows:

	2015	2014
Release of foreign currency translation relating to acquisition of non-controlling interest	**$ 178**	$ 178
Translation adjustment related to change in functional currency	**(728)**	(728)
Foreign currency translation adjustments	**(7,428)**	(5,415)
	$ (7,978)	$ (5,965)

During the second quarter of 2015, we classified an intercompany EUR denominated loan as a net investment in a foreign subsidiary which resulted in foreign exchange gains and losses on revaluation being prospectively classified in other comprehensive income.

23. SHARE CAPITAL

On February 4, 2016, we received approval from the TSX of our Notice of Intention to make a Normal Course Issuer Bid (the "Bid"). Pursuant to the Bid, we may purchase for cancellation up to 3,149,199 of our common shares, or approximately 9.7% of the common shares outstanding as of the date of the announcement. The Bid commenced on February 9, 2016 and will terminate on the earlier of: (i) February 8, 2017, (ii) the date the Company completes its purchases pursuant to the notice of intention filed with the TSX, or (iii) the date of notice by the Company of termination of the Bid. As of February 29, 2016, we had purchased 549,583 common shares at an average price of $11.18 per share.

On February 29, 2016, we established an automatic share purchase plan in connection with the previously announced Bid with a designated broker to allow for the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase shares due to regulatory restrictions.

On February 6, 2013, we received regulatory approval allowing us to purchase for cancellation up to 1,529,687 of our common shares by a normal course issuer bid (“the Bid”) on the Toronto Stock Exchange and NASDAQ Global Market. The Bid commenced on February 14, 2013 and terminated on February 13, 2014. During the course of the Bid, no purchases and cancellations were made in 2014 (2013 - 510,439 common shares).

24. FAIR VALUE MEASUREMENT

(a) Fair value presentation

An established fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, such as quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Inputs that are generally unobservable and are supported by little or no market activity and that are significant to the fair value determination of the assets or liabilities.

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturity of these financial instruments. Based on borrowing rates currently available to us for loans with similar terms, the carrying values of our obligations under capital leases, long-term obligations and other long-term liabilities approximate their fair values.

We have contingent consideration related to the acquisitions of Accel and MobiquiThings in 2015 that was measured using unobservable inputs which represents a Level 3 measurement within the fair value hierarchy. The contingent consideration is measured at each reporting period and any changes in the fair value are recorded in earnings.

(b) Credit Facilities

We have a $10 million revolving term credit facility ("Revolving Facility") with Toronto Dominion Bank and the Canadian Imperial Bank of Commerce. The expiry date on this Revolving Facility has been extended to January 31, 2017. The Revolving Facility is for working capital requirements, is secured by a pledge against all of our assets and is subject to borrowing base limitations. As at December 31, 2015, there were no borrowings under the Revolving Facility.

(c) Letters of credit

We have access to a revolving standby letter of credit facility of $10 million from Toronto Dominion Bank. The credit facility is used for the issuance of letters of credit for project related performance guarantees and is guaranteed by Export Development Canada. As at December 31, 2015, there were no letters of credit issued against the revolving standby letter of credit facility.

25. FINANCIAL INSTRUMENTS

Financial Risk Management

Financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

We have exposure to the following business risks:

We maintain substantially all of our cash and cash equivalents with major financial institutions or invest in government instruments. Our deposits with banks may exceed the amount of insurance provided on such deposits.

We outsource manufacturing of our products to third parties and, accordingly, we are dependent upon the development and deployment by third parties of their manufacturing abilities. The inability of any supplier or manufacturer to fulfill our supply requirements could impact future results. We have supply commitments to our contract manufacturers based on our estimates of customer and market demand. Where actual results vary from our estimates, whether due to execution on our part or market conditions, we are at risk.

Financial instruments that potentially subject us to concentrations of credit risk are primarily accounts receivable. We perform on-going credit evaluations of our customer's financial condition and require letters of credit or other guarantees whenever deemed appropriate.

Although a significant portion of our revenues are in U.S. dollars, we incur operating costs that are denominated in other currencies. Fluctuations in the exchange rates between these currencies could have a material impact on our business, financial condition and results of operations.

We are generating and incurring an increasing portion of our revenue and expenses, respectively, outside of North America including Europe, the Middle East and Asia. To manage our foreign currency risks, we may enter into foreign currency forward and options contracts should we consider it to be advisable to reduce our exposure to future foreign exchange fluctuations. As at December 31, 2015 and 2014, we had no such contracts in place.

We are subject to risks typical of an international business including, but not limited to, differing economic conditions, changes in political climate, differing tax structures other regulations and restrictions and foreign exchange rate volatility. Accordingly, our future results could be materially affected by changes in these or other factors.

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

26. COMMITMENTS AND CONTINGENCIES

(a) Operating leases

We have entered into operating leases for property and equipment. The minimum future payments under various operating leases for our continuing operations in each of the years ended December 31 is as follows:

2016	**$**	**5,224**
2017		**4,815**
2018		**3,735**
2019		**3,099**
2020		**2,527**
Subsequent years		**1,978**
	$	**21,378**

(b) Contingent liability on sale of products

(i) Under license agreements, we are committed to make royalty payments based on the sales of products using certain technologies. We recognize royalty obligations as determinable in accordance with agreement terms. Where agreements are not finalized, we have recognized our current best estimate of the obligation. When the agreements are finalized or the potential obligation becomes statute barred, the estimate will be revised accordingly.

(ii) We are a party to a variety of agreements in the ordinary course of business under which we may be obligated to indemnify a third party with respect to certain matters. Typically, these obligations arise as a result of contracts for sale of our products to customers where we provide indemnification against losses arising from matters such as potential intellectual property infringements and product liabilities. The impact on our future financial results is not subject to reasonable estimation because considerable uncertainty exists as to whether claims will be made and the final outcome of potential claims. To date, we have not incurred material costs related to these types of indemnifications.

(iii) We accrue product warranty costs, when we sell the related products, to provide for the repair or replacement of defective products. Our accrual is based on an assessment of historical experience and on management's estimates. An analysis of changes in the liability for product warranties follows:

		2015		2014
Balance, beginning of year	**$**	**5,951**	$	5,861
Provisions		**4,180**		5,260
Expenditures		**(2,769)**		(5,310)
Liabilities from acquisition of In Motion		**—**		140
Balance, end of year	**$**	**7,362**	$	5,951

(c) Other commitments

We have entered into purchase commitments totaling approximately $87,631 net of related electronic components inventory of $18,390 (December 31, 2014 — $85,192, net of electronic components inventory of $5,079), with certain contract manufacturers under which we have committed to buy a minimum amount of designated products between January 2016 and June 2016. In certain of these agreements, we may be required to acquire and pay for such products up to the prescribed minimum or forecasted purchases.

(d) Legal proceedings

We are from time to time involved in litigation, certain other claims and arbitration matters arising in the ordinary course of our business. We accrue for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. These accruals are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and technical experts and other information and events pertaining to a particular matter. To the extent there is a reasonable possibility (within the meaning of ASC 450, *Contingencies*) that the losses could exceed the amounts already accrued for those cases for which an estimate can be made, management believes that the amount of any such additional loss would not be material to our results of operations or financial condition.

In some instances, we are unable to reasonably estimate any potential loss or range of loss. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit will have on the company. There are many reasons why we cannot make these assessments, including, among others, one or more of the following: in the early stage of a proceeding, the claimant is not required to specifically identify the patent that has allegedly been infringed; damages sought that are unspecified, unsupportable, unexplained or uncertain; discovery not having been started or being incomplete; the complexity of the facts that are in dispute (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the company is a labor-intensive and highly technical process); the difficulty of assessing novel claims; the parties not having engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of patent litigation.

We are required to apply judgment with respect to any potential loss or range of loss in connection with litigation. While we believe we have meritorious defenses to the claims asserted against us in our currently outstanding litigations, and intend to defend ourselves vigorously in all cases, in light of the inherent uncertainties in litigation there can be no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by us for those cases for which an estimate can be made. Losses in connection with any litigation for which we are not presently able to reasonable estimate any potential loss or range of loss could be material to our results of operations and financial condition.

In February 2015, a patent holding company, Wetro Lan, filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas, asserting patent infringement by us of one patent which expired in 2012. The lawsuit makes certain allegations concerning our AirLink router products which were sold prior to the patent's expiry. The lawsuit was dismissed with prejudice in the fourth quarter of 2015 and did not have a material impact on our operating results.

On January 6, 2014, we received notice from the International Chamber of Commerce ("ICC") of arbitration proceedings launched by Nokia against us, for alleged unpaid royalties of approximately €32 million. On November 24, 2015, following a hearing, we received notice from the ICC of a decision in our favour in the proceedings.

In January 2012, a patent holding company, M2M Solutions LLC ("M2M"), filed a patent infringement lawsuit in the United States District Court for the District of Delaware asserting patent infringement by us and our competitors. The lawsuit makes certain allegations concerning the AirPrime embedded wireless module products, related AirLink products and related services sold by us for use in M2M communication applications. The claim construction order has determined one of the two patents-in-suit to be indefinite and therefore invalid. A motion for summary judgment of non-infringement and invalidity has been filed by us and a decision is currently pending. We anticipate that M2M will not proceed with its infringement case against us, but will eventually appeal the claim construction order. Trials against two other defendants in related cases involving the same patents are scheduled for March and April 2016, respectively. Any appeals from the claim construction order may follow the disposition of these trials. In August 2014, M2M filed a second patent infringement lawsuit against us in the same court with respect to a recently issued patent held by M2M, which patent is a continuation of one of the patents-in-suit in the original lawsuit filed against us by M2M. The lawsuit has been administratively closed pending the result of several *Inter Partes* Review proceedings filed by us and the other defendants with the United States Patent and Trial Appeal Board (PTAB) in August and October of 2015. The PTAB has declined to institute proceedings in respect of the first two of these filings and has yet to make a determination on the remaining three filings, including ours.

Although there can be no assurance that an unfavorable outcome would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims made in the foregoing legal proceedings are without merit and intend to defend ourselves and our products vigorously in all cases.

IP Indemnification Claims

We have been notified by one or more of our customers in each of the following matters that we may have an obligation to indemnify them in respect of the products we supply to them:

In May 2013, a patent holding company, Adaptix, Inc., filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against one of our customers asserting patent infringement in relation to our customer’s products, which may include certain LTE products which utilize modules sold to them by us. In March 2014, the lawsuit was transferred to the United States District Court for the Northern District of California. The lawsuit was dismissed with prejudice in June 2015 and we do not believe that this outcome will have a material adverse effect on our operating results. In June 2015, Adaptix filed amended complaints in the Eastern District of Texas against two carriers asserting patent infringement against them in relation to certain cellular communication devices sold by the carriers for use on their 4G LTE wireless networks, which products include certain products which may utilize modules sold to the original equipment manufacturer by us and certain AirCard products sold to the carriers by us prior to the transfer of the AirCard business to Netgear. The two cases have been consolidated and the claim construction hearing is scheduled for July 2016, with the first trial for the consolidated cases to occur in May 2017.

In February 2012, a patent holding company, Intellectual Ventures (comprised of Intellectual Ventures I LLC and Intellectual Ventures II LLC), filed a patent infringement lawsuit in the United States District Court for the District of Delaware against two of our customers asserting patent infringement in relation to several of our customer's products and services, including the mobile hotspots sold to them by us prior to the transfer of the AirCard business to Netgear. The lawsuit was split into several separate lawsuits and amended complaints were filed in October 2013. We are currently intervening in two of the cases in defense of our products with respect to one patent-in-suit alleged to relate to Wi-Fi standards. The lawsuits are in the discovery stage. A claim construction order was issued in March 2015.

A patent holding company, Eon Corp. IP Holdings, LLC ("Eon"), filed a patent infringement lawsuit against one of our customers in October 2010 in the United States District Court for the Eastern District of Texas, which was subsequently transferred to the United States District Court for the Northern District of California. The lawsuit involves assertions of patent infringement in relation to wireless modems sold to our customer by us prior to the transfer of the AirCard business to Netgear. A claim construction order was issued in July 2013, and the defendant's motion for summary judgment of non-infringement was granted by the Court in March 2014. In March 2015, this judgment was affirmed by the United States Court of Appeals for the Federal Circuit. Eon filed a patent litigation lawsuit against another of our former AirCard customers in January 2012 in the United States District Court for the District of Puerto Rico involving the same patent-in-suit in the California lawsuit plus three additional patents. This lawsuit was transferred in part to the District of Delaware with respect to claims related to one of the four patents-in-suit, which claims related to interactive television. The Delaware case has since been closed. The claim construction order in the Puerto Rico case was issued in April 2014. The case was closed in September 2014 following the filing of a joint notice of stipulation of dismissal without prejudice.

Although there can be no assurance that an unfavorable outcome would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims made in the foregoing legal proceedings are without merit and intend to defend ourselves and our products vigorously in all cases.

We are engaged in certain other claims, legal actions and arbitration matters, all in the ordinary course of business, and believe that the ultimate outcome of these claims, legal actions and arbitration matters will not have a material adverse effect on our operating results, liquidity or financial position.

Exhibit 1.3

SIERRA WIRELESS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2015

DATED February 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides information for the years ended December 31, 2015, 2014 and 2013 and up to and including February 29, 2016. This MD&A should be read together with our audited consolidated financial statements and the accompanying notes for the year ended December 31, 2015 ("the consolidated financial statements"). The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Except where otherwise specifically indicated, all amounts in this MD&A are expressed in United States dollars.

We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, we are permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different than those of the United States.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. You should carefully read "Cautionary Note Regarding Forward-looking Statements" in this MD&A and should not place undue reliance on any such forward-looking statements.

Throughout this document, references are made to certain non-GAAP financial measures that are not measures of performance under U.S. GAAP. Management believes that these non-GAAP financial measures provide useful information to investors regarding the Company's results of operations as they provide additional measures of its performance and assist in comparisons from one period to another. These non-GAAP financial measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP financial measures are defined and reconciled to their nearest GAAP measure in "Non-GAAP Financial Measures" and "Liquidity and Capital Resources".

In this MD&A, unless the context otherwise requires, references to "the Company", "Sierra Wireless", "we", "us" and "our" refer to Sierra Wireless, Inc. and its subsidiaries.

Additional information about the Company, including our most recent consolidated financial statements and our Annual Information Form, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Cautionary Note Regarding Forward-looking Statements

This MD&A contains certain statements and information that 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 our business outlook for the short and longer term and statements regarding our strategy, plans and future operating performance. Forward-looking statements are provided to help you understand our views of our short and longer term plans, expectations and prospects. We caution you that forward-looking statements may not be appropriate for other purposes.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not promises or guarantees of future performance, they represent our current views and may change significantly. 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:

- *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;*
- *our ability to integrate acquired businesses and realize expected benefits;*
- *expected deployment of next generation networks by wireless network operators;*
- *our operations not being adversely disrupted by component shortages or other development, operating or regulatory risks; and*
- *expected tax rates and foreign exchange rates.*

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ significantly from those expressed or implied in our forward-looking statements, including, without limitation:

- *competition from new or established service providers or from those with greater resources;*
- *disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with acquisitions or divestitures;*
- *the loss of any of our significant customers;*
- *cyber-attacks or other breaches of our information technology security;*
- *we may be found to infringe on intellectual property rights of others;*
- *we may not be able to obtain necessary rights to use software or components supplied by third parties;*
- *we may be unable to enforce our intellectual property rights;*
- *our ability to attract or retain key personnel;*
- *we may experience difficulty responding to changing technology, industry standards and customer requirements;*
- *our financial results are subject to fluctuation;*

- *difficult or uncertain global economic conditions;*
- *unanticipated costs associated with litigation or settlements;*
- *failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects or other quality issues;*
- *our dependence on a limited number of third party manufacturers;*
- *our reliance on single source suppliers for certain components used in our products;*
- *our dependence on wireless network carriers to promote and offer acceptable wireless data services;*
- *risks related to contractual disputes with counterparties;*
- *we are subject to governmental regulation;*
- *the transmission, use and disclosure of user data and personal information could give rise to liability or additional costs; and*
- *we have operations outside of North America and therefore are subject to risks inherent in foreign jurisdictions.*

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to below under "Risks and Uncertainties" and those referred to in our other regulatory filings with the U.S. Securities and Exchange Commission (the "SEC") in the United States and the provincial securities commissions in Canada.

Our forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

OVERVIEW

Business Overview

Sierra Wireless is building the Internet of Things ("IoT") with intelligent wireless solutions that empower organizations to innovate in the connected world. We offer the industry's most comprehensive portfolio of second generation ("2G"), third generation ("3G") and fourth generation ("4G") cellular embedded wireless modules and gateways, seamlessly integrated with our secure cloud and connectivity services. Original Equipment Manufacturers ("OEMs") and enterprises worldwide trust our innovative cellular solutions to get their connected products and services to market faster.

In 2015, we significantly advanced our device-to-cloud strategy by successfully completing three acquisitions and rapidly expanding our cloud and connectivity services business. On January 16, 2015, we acquired all of the shares of Wireless Maingate AB, a Sweden-based provider of M2M connectivity and data management services. Mid-year, on June 18, 2015, we acquired substantially all of the assets of Accel Networks LLC, a leader in managed cellular broadband technology and connectivity services in North America. On September 2, 2015, we acquired all of the shares of MobiquiThings SAS, a France-based mobile virtual network operator focused on the global machine-to-machine and telematics marketplace.

As a result of the three business acquisitions and a reorganization to drive focus and growth in our key lines of business, effective October 1, 2015, we are operating the Company under three reportable segments: (i) OEM Solutions; (ii) Enterprise Solutions; and (iii) Cloud and Connectivity Services. Prior to October 1, our Enterprise Solutions segment included the business operations that now comprise our new Cloud and Connectivity Services segment.

Our OEM Solutions segment includes cellular embedded modules, software and tools for OEM customers to integrate wireless cellular connectivity into products and solutions across a broad range of industries, including automotive, transportation, energy, enterprise networking, sales and payment, mobile computing, security, industrial monitoring, field services, residential, healthcare and others. Within our OEM Solutions segment, our embedded wireless module product portfolio spans 2G, 3G, and 4G cellular technologies. This product portfolio also includes cloud-based remote device management capability and support for on-board embedded applications using our open source, Linux-based application framework, called Legato and MangOh, a low cost customizable product development platform to accelerate prototypes and simplify the industrialization of IoT solutions.

Our Enterprise Solutions segment includes a range of intelligent gateways and management tools and applications that enable cellular connectivity for mobile, industrial and enterprise customers. Our 2G, 3G and 4G LTE intelligent cellular gateways are designed for use where reliability and security are essential, and are used in transportation, public safety, field services, energy, industrial, and enterprise networking applications worldwide. Our gateways can be easily configured for specific customer applications, and also support on-board embedded applications using our ALEOS application framework.

The Cloud and Connectivity Services business segment comprises three main areas of operation: (i) our cloud services business, which provides a secure and scalable cloud based platform for deploying and managing IoT applications; (ii) our connectivity services, which includes our Smart SIM supported by our mobile core networks; and (iii) our managed wireless broadband services business. The Cloud and Connectivity services support our fully integrated device-to-cloud strategy and are designed to enable worldwide IoT deployments by our customers. Our cloud based platform services can be used to collect, manage and process data from any number of connected assets across any network operator around the world. This device-to-cloud data connection provides our customers with a fully integrated, end-to-end solution that is simple to deploy and allows our customers to build their IoT applications without investing in infrastructure. Our cloud based platform can also be used to centrally deploy and monitor IoT devices at the edge of the network, including configuring device settings and delivering firmware and embedded application updates remotely over the air. Our SIM and connectivity services provide global, multi-operator subscriptions with unique benefits for IoT deployments such as quality of service improvements and consolidated multi-operator network coverage. Our broadband services provide proactive network management solutions utilizing cellular broadband gateways, routers and advanced antennas.

Our Strategy

We expect the global IoT market to grow significantly over the next decade. Enterprises, governments, and consumers are gaining a broader understanding of the benefits of collecting, storing and delivering data from machines and assets at the edge of the network to enable detailed analysis, monitoring, and enhanced services. New IoT applications are helping people and organizations to increase productivity, save energy costs, create new business models, and provide value-added services to their customers. An integral factor in the growth of IoT applications is cellular connectivity, which enables the transmission of data from embedded modules and gateways, through advanced mobile networks and cloud services, to the enterprise or consumer. Cellular connectivity supports applications such as the connected car, the connected home, the connected enterprise, as well as smart cities and the smart grid. Adoption of IoT solutions is driven by a number of factors including lower wireless connectivity costs, higher wireless connection speeds, new wireless technologies designed specifically for the IoT, new devices and tools to simplify application development and increasing levels of focus and investment from many large ecosystem players.

We believe these factors will continue to create attractive growth opportunities for the Company going forward. Based on third-party industry data, we are the global leader in embedded wireless modules with 35% global market share (source: ABI Research, June 2015) and we are widely recognized as the innovation leader in the cellular IoT sector as well. We are also a leading provider of gateway and router solutions for industrial, enterprise and mobile applications. We have developed a cloud services platform that is highly integrated with our devices and embedded application software and, through recent acquisitions, we now offer wireless connectivity services. Our corporate strategy is to expand our business across the IoT value chain by:

- Solidifying our leadership position in cellular embedded modules;
- Enhancing our enterprise gateways business with new products and selective acquisitions that strengthen our position;
- Continuing to innovate and expand into more IoT segments and geographical markets;
- Leveraging our leading position in IoT devices to build integrated device-to-cloud solutions, providing our customers with simple, scalable and secure solutions that include wireless connectivity services; and
- Accelerating revenue growth and improving operating leverage in our business model, to increase profitability and enhance shareholder value.

In 2015, we continued to deliver on our corporate strategy by:

- Growing revenues by 10.8% compared to 2014 through organic growth and additional revenues from our acquisitions;
- Successfully completing the acquisition of the following businesses that are now the core of our cloud and connectivity services business:
    - On January 16, 2015 we acquired all of the outstanding shares of Wireless Maingate AB ("Maingate") for $91.6 million. Maingate is a leading provider of managed connectivity services in Europe. Maingate has its own core network and is a fully licensed mobile network operator with its own subscription management system, billing, and other capabilities in connectivity services.
    - On June 18, 2015, we completed the acquisition of substantially all of the assets of Accel Networks LLC ("Accel") for $9.5 million in cash with contingent consideration of up to an additional $1.5 million under a performance-based earnout formula. Accel is a provider of 4G LTE managed

connectivity services in the United States with enterprise customers in sectors such as retail, finance, security, energy, and hospitality.
    - On September 2, 2015, we completed the acquisition of all the outstanding shares of MobiquiThings SAS ("MobiquiThings") for €13.5 million ($15.2 million) in cash with contingent consideration of up to an additional €12 million ($13.5 million) under a performance-based earnout formula. MobiquiThings is a European provider of managed connectivity services for the IoT. This acquisition provided us with an advanced core network platform that is fully integrated with the Maingate wireless services offering and our existing AirVantage Cloud service;
- Continuing to secure new design wins with global OEMs and significantly increasing the lifetime value of our customer program pipeline;
- Expanding our product line offering in Enterprise Solutions;
- Continuing to improve our financial performance, with Non-GAAP operating margin increasing to 5.3% from 4.2% in 2014 and adjusted EBITDA margins increasing to 7.1% from 6.5% in 2014 (see "Non-GAAP Financial Measures"); and
- Strengthening our broader organizational capability, including additional go-to-market resources to support our continued growth.

We continue to seek opportunities to acquire or invest in businesses, products and technologies that accelerate our strategy and growth.

Annual Overview — Financial highlights

In 2015, our revenue increased by 10.8% to $607.8 million, compared to 2014. This increase in revenue was driven by growth in our OEM Solutions segment as well as contributions from acquisitions completed in 2015 in our Cloud and Connectivity Services segment. Our OEM Solutions segment revenues grew by 9.8% to $523.4 million compared to 2014 while our Enterprise Solutions segment revenues decreased by 12.2% to $63.0 million compared to 2014 due to lower sales of our AirLink gateway products. Cloud and Connectivity Services revenue was $21.4 million in 2015. We have not disclosed comparative information for this new segment as the related business prior to 2015 was not material.

Foreign exchange rate changes impacted our Euro denominated revenue and Canadian dollar and Euro denominated operating expenses. We estimate that changes in exchange rates between 2015 and 2014 reduced our gross margin by approximately $2.4 million and reduced our operating expenses by approximately $10.9 million in 2015.

GAAP

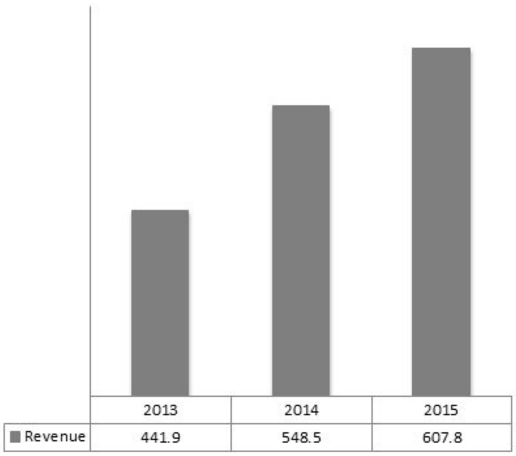
- 2015 revenue increased by $59.3 million, or 10.8%, compared to 2014, reflecting continued growth in the OEM Solutions segment and contributions from acquired businesses.
- Gross margin was 31.9%, down 0.7% from 2014, mainly due to the increased volume of lower margin products sold in 2015.
- Operating earnings improved by $16.7 million, or 253.4%, compared to 2014, due to revenue growth, partially offset by increases in cost of goods sold.
- Net loss improved by $14.2 million, or 84.1%, from 2014 mainly due to improved operating earnings in 2015.
- Cash and cash equivalents were $93.9 million at the end of the year, a decrease of $113.1 million compared to 2014. This largely reflects the use of funds for the acquisitions of Maingate, Accel and MobiquiThings in 2015, as well as the purchase of an end of life 2G component in sufficient volume to support future sales of certain legacy products.

Non-GAAP[1]

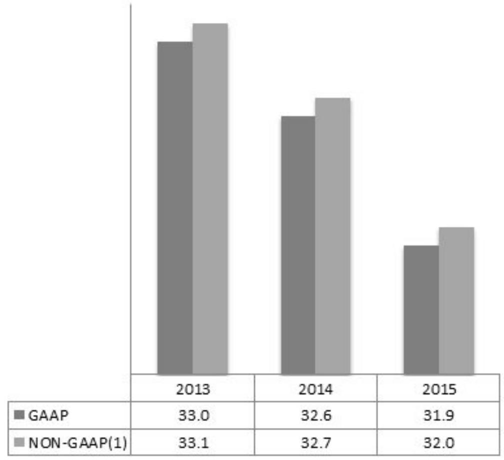
- Gross margin was 32.0%, down 0.7% from 2014, mainly due to increased volume of lower margin products sold in 2015.
- Operating earnings improved by $9.6 million, or 42.0% compared to 2014, as a result of revenue growth, partially offset by higher operating expenses driven mainly by costs added as a result of our recent acquisitions.
- Adjusted EBITDA increased by $7.5 million, or 21.2% compared to fiscal 2014, reflecting revenue growth in our OEM Solutions segment.
- Net earnings increased by $5.9 million, or 29.9% compared to 2014, mainly due to improved operating earnings partially offset by higher income tax expenses.

[1]Non-GAAP results exclude the impact of stock-based compensation expense and related social taxes, acquisition amortization, impairment, gain on sale of AirCard business, acquisition-related and disposition costs, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments. Refer to "Non-GAAP financial measures" for additional details.

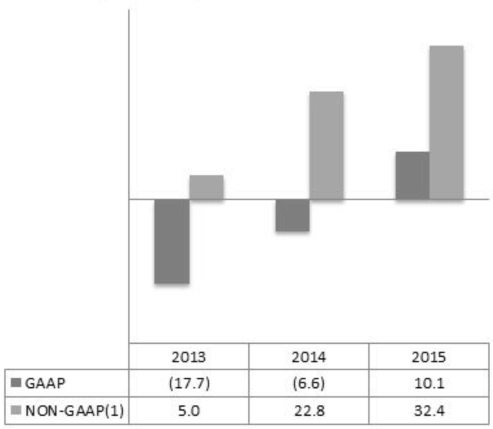
Revenue ($ millions)



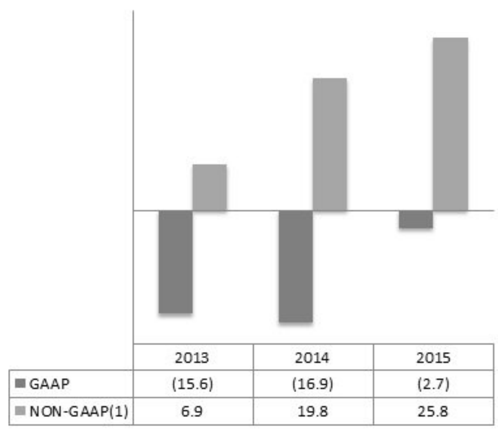
Gross margin (%)



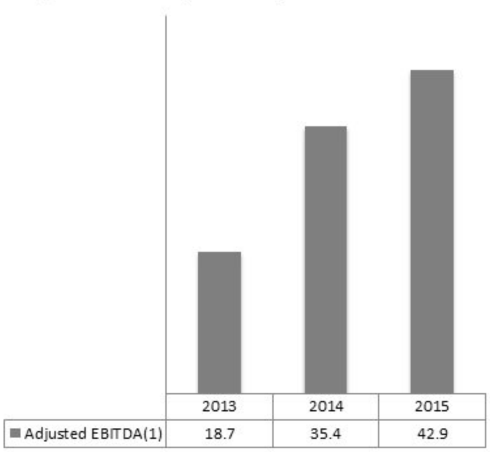
Earnings (loss) from operations ($ millions)



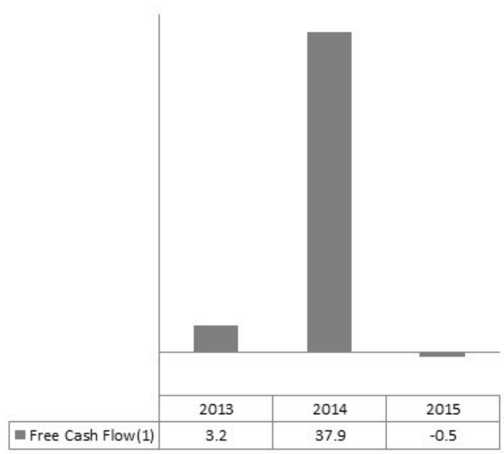
Net earnings (loss) from continuing operations ($ millions)



Adjusted EBITDA ($ millions)



Free Cash Flow ($ millions)



[1] Non-GAAP results exclude the impact of stock-based compensation expense and related social taxes, acquisition amortization, impairment, gain on sale of AirCard business, acquisition-related and disposition costs, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments. Refer to "Non-GAAP financial measures" for additional details.

Selected Annual Financial information:

(in thousands of U.S. dollars, except where otherwise stated)	**2015**	2014	2013
Statement of Operations data:			
Revenue	**$ 607,798**	$ 548,523	$ 441,860
Gross Margin			
- GAAP	**$ 193,855**	$ 178,979	$ 145,641
- Non-GAAP (1)	**194,502**	179,534	146,047
Gross Margin %			
- GAAP	**31.9%**	32.6%	33.0%
- Non-GAAP (1)	**32.0%**	32.7%	33.1%
Earnings (loss) from operations			
- GAAP	**$ 10,114**	$ (6,594)	$ (17,664)
- Non-GAAP (1)	**32,361**	22,794	5,053
Adjusted EBITDA	**$ 42,911**	35,411	18,702
Net earnings (loss) from continuing operations			
- GAAP	**$ (2,674)**	$ (16,853)	$ (15,550)
- Non-GAAP (1)	**25,774**	19,848	6,942
Net earnings from discontinued operations			
- GAAP	**$ —**	$ —	$ 70,588
- Non-GAAP (1)	**—**	—	4,420
Net earnings (loss)			
- GAAP	**$ (2,674)**	$ (16,853)	$ 55,038
- Non-GAAP (1)	**25,774**	19,848	11,362
Revenue by Segment:			
OEM Solutions	**$ 523,366**	$ 476,650	$ 382,016
Enterprise Solutions	**63,072**	71,873	59,844
Cloud and Connectivity Services	**21,360**	—	—
Share and per share data:			
Basic and diluted earnings (loss) from continuing operations per share (in dollars)			
- GAAP	**$ (0.08)**	$ (0.53)	$ (0.50)
- Non-GAAP (1)	**$ 0.80**	$ 0.63	$ 0.23
Basic and diluted earnings (loss) per share (in dollars)			
- GAAP	**$ (0.08)**	$ (0.53)	$ 1.79
- Non-GAAP (1)	**$ 0.80**	$ 0.63	$ 0.37
Common shares (in thousands)			
At period-end	**32,337**	31,869	31,098
Weighted average - basic and diluted	**32,166**	31,512	30,771
Balance sheet data (end of period):			
Cash and cash equivalents and short-term investments	**$ 93,936**	$ 207,062	$ 179,886
Total assets	**546,332**	515,364	512,000
Total long-term obligations	**44,353**	26,608	21,550

(1) Non-GAAP results exclude the impact of stock-based compensation expense and related social taxes, acquisition amortization, impairment, gain on sale of AirCard business, acquisition-related and disposition costs, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts, and certain tax adjustments. Refer to "Non-GAAP financial measures" for additional details.

See discussion under “Consolidated Annual Results of Operations” for factors that have caused period to period variations.

Other key business highlights for the year ended December 31, 2015:

- We announced a strategic collaboration with L&T Technology Services, which is establishing a center of excellence to support customers worldwide in developing their IoT applications using our Legato embedded application platform.

- We reached a new milestone in our collaboration with PSA Peugeot Citroen, with a next-generation design win using AirPrime AR Series smart automotive modules, the Legato platform and the AirVantage cloud.

- We introduced Project mangOH, a wireless open hardware reference design, with an open interface standard developed by us, as part of our ongoing strategy to expand and accelerate innovation in the IoT.

- We were selected by Arval, a leader in full service vehicle leasing and fleet management, for deployment of our device-to-cloud technology to help build its new global telematics solutions.

- We were recently awarded the "Best Gateway for Branch Offices, Fast Food and Casual Dining of the Year" in the M2M/IoT category by Compass Intelligence, a global market research and consulting firm, for our 4G LTE AirLink ES450 Enterprise Cellular Gateway.

OEM Solutions

- We introduced four new AirPrime embedded modules, the first to support LTE-Advanced networks worldwide (LTE-A). LTE-A is the latest generation of 4G LTE network standards, aimed at improving network capacity, throughput, data speed and operational cost-efficiency.

- We introduced the next-generation AirPrime WP Series of smart wireless modules, designed to reduce system complexity and accelerate the development of connected products and applications for the Internet of Things.

- We announced that Iskraemeco, one of the leading providers of Advanced Metering Management (AMM) systems in the world, has selected our AirPrime HL Series to enable cellular connectivity in smart metering deployments worldwide.

- We announced that Itron has selected our AirPrime HL Series modules to enable cellular connectivity in its latest line of smart gas meters.

- Maestro Wireless Solutions Limited, a leading provider of tracking devices for IoT applications globally, has announced that its first LTE Cat-1 tracker is based on our AirPrime HL Series.

- Our AirPrime EM7455, the industry's first embedded module to support LTE-Advanced, has been selected by Lenovo to provide fast and reliable LTE-Advanced cellular connectivity in next-generation notebooks, tablets, and 2-in-1s.

- Our new HL7690 LTE Cat-1 embedded modules were selected by Sagemcom, a leading European communications equipment provider, for its smart meters to be deployed by Enexis in the Netherlands.

- Our AirPrime HL Series embedded modules were selected by Parkeon, a global leader in parking, transit and urban mobility solutions, to enable cellular connectivity in smart parking deployments worldwide.

- Our smart automotive modules were selected by Valeo, the global automotive products and systems company, for a new generation of telematics control units to enable connected car services internationally.

- Secured the largest design win in the Company's history with an international Automotive OEM.

Enterprise Solutions

- We announced the launch of our next generation of AirLink gateways. The AirLink GX450 4G mobile gateway and the AirLink ES450 4G enterprise gateway offer support for a broader array of LTE frequency bands, making them compatible with mobile networks worldwide.

- We announced the commercial availability of FirstNet Band 14 LTE support for the oMG2000 mobile gateway.

- We announced the launch of the AirLink Raven RV50 gateway, the LTE successor to the market's most widely deployed cellular gateway solution for energy and industrial applications. The RV50 offers a rugged design and the lowest power consumption of any LTE industrial gateway, providing reliable connectivity for the most demanding applications.

Cloud and Connectivity Services

- We introduced the IoT Acceleration Platform, the industry's first integrated service platform that combines cloud, IoT hardware, and managed connectivity services for worldwide deployments.

- Recently, we introduced our Smart SIM technology and connectivity service that provides customers with superior coverage and service quality to maximize the reliability of global IoT applications.

Outlook

For the full year 2016, we expect revenue to be in the range of $630 million to $670 million and non-GAAP earnings per share to be in the range of $0.60 to $0.90. In the first quarter of 2016, we expect revenue to be in the range of $135 million to $145 million and non-GAAP earnings per share to be slightly negative to slightly positive.

We believe that the market for wireless IoT solutions has strong long-term growth prospects. We anticipate strong growth in the number of devices being wirelessly connected, driven by key enablers, such as lower wireless connectivity costs, faster wireless connection speeds, new wireless technologies designed specifically for the IoT, new devices and tools to simplify the development of IoT applications, and increased focus and investment from large ecosystem players. More importantly, we see strong customer demand emerging in many of our target verticals driven by increasing recognition of the value created by deploying IoT solutions, such as new revenue streams and cost efficiencies.

Key factors that we expect will affect our results in the near term are:

- the timely ramp up of sales of our new products recently launched or currently under development;
- the timely launch and ramp up of new customer programs;
- our ability to secure future design wins with both existing and new customers;
- the availability of components from key suppliers;
- contributions to our operating results from the acquisitions we completed in 2015;
- successful implementation and roll-out of our IoT Acceleration Platform;
- the level of success our customers achieve with sales of connected solutions to end users;
- fluctuations in foreign exchange rates;

- the continuation of our device-to-cloud strategy as we evaluate future acquisitions;
- general economic conditions in the markets we serve;
- the strength of our competitive position in the market; and
- seasonality in demand.

We expect that product and price competition from other wireless device manufacturers and solution providers will continue to play a role in the IoT market. As a result of these factors, we may experience volatility in our results on a quarter-to-quarter basis. Gross margin percentage may fluctuate from quarter-to-quarter depending on product and customer mix, average selling prices and product costs.

See "Cautionary Note Regarding Forward-Looking Statements".

Disposition of AirCard Business

On April 2, 2013, we completed the sale of substantially all of the assets and operations related to our AirCard business to Netgear, Inc. (“Netgear”). Proceeds of the disposition, after final inventory adjustments, were $136.6 million plus assumed liabilities and were comprised of cash proceeds of $122.8 million, funds previously held in escrow of $13.8 million and assumed liabilities. After transaction costs of $2.8 million, we recorded an after tax gain on disposal of $70.2 million. On April 3, 2014, we received the full $13.8 million cash proceeds previously held in escrow for realized net cash proceeds of $127.8 million from the divestiture after giving consideration to related taxes and transaction costs.

In accordance with U.S. GAAP, the results of operations and the gain on sale of the AirCard business have been presented as discontinued operations in our consolidated statements of operations for the year ended December 31, 2013. The historical consolidated statements of operations and related selected financial information have been retrospectively adjusted to distinguish between continuing operations and discontinued operations.

Summarized results from discontinued operations for the year ended December 31, 2013 were as follows:

(in thousands of U.S. dollars)		**2013**
Revenue	$	46,701
Cost of goods sold		32,978
Gross margin		13,723
Expenses		12,918
Earnings from operations		805
Income tax expense		399
Earnings from operations, net of taxes		406
Gain on sale of AirCard business, net of taxes		70,182
Net earnings from discontinued operations	$	70,588

CONSOLIDATED ANNUAL RESULTS OF OPERATIONS

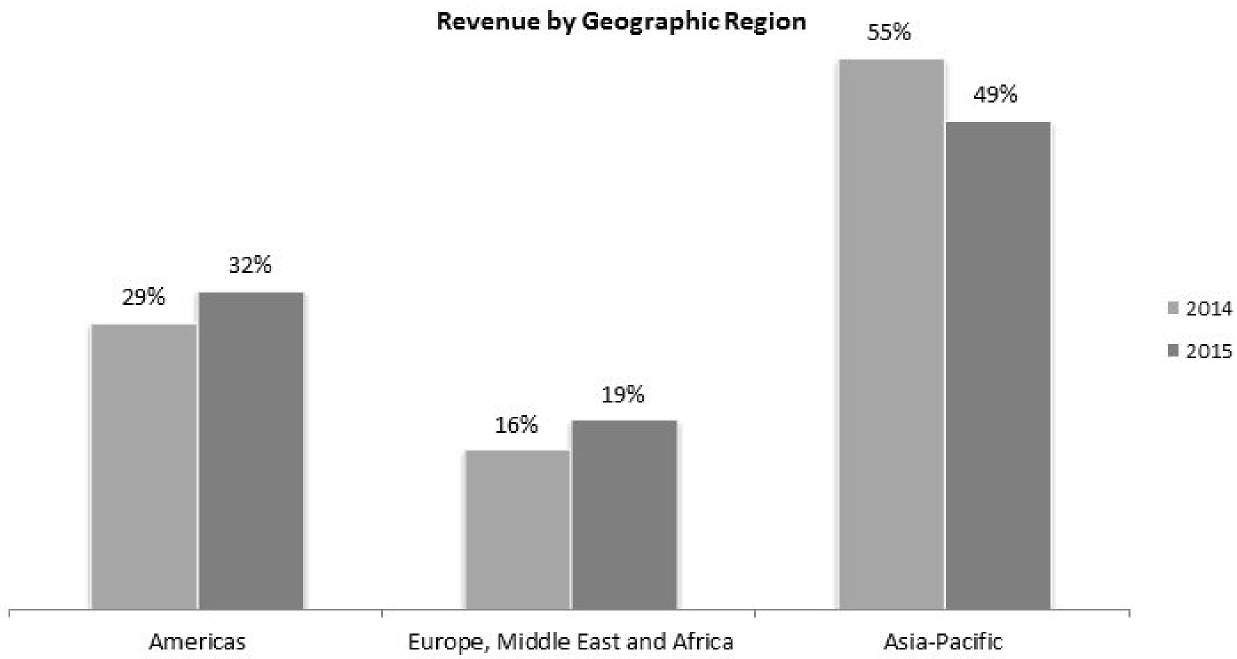
(in thousands of U.S. dollars, except where otherwise stated)	2015		2014		2013	
	$	**% of Revenue**	**$**	**% of Revenue**	**$**	**% of Revenue**
Revenue	607,798	*100.0%*	548,523	*100.0 %*	441,860	*100.0 %*
Cost of goods sold	413,943	*68.1%*	369,544	*67.4 %*	296,219	*67.0 %*
Gross margin	193,855	*31.9%*	178,979	*32.6 %*	145,641	*33.0 %*
Expenses						
Sales and marketing	54,144	*8.9%*	50,476	*9.2 %*	42,182	*9.6 %*
Research and development	74,020	*12.2%*	80,937	*14.8 %*	73,112	*16.5 %*
Administration	40,321	*6.6%*	37,027	*6.7 %*	35,164	*8.0 %*
Restructuring	951	*0.2%*	1,598	*0.3 %*	171	*— %*
Acquisition-related and integration	1,945	*0.3%*	2,670	*0.5 %*	535	*0.1 %*
Impairment	—	*—%*	3,756	*0.7 %*	—	*— %*
Amortization	12,360	*2.0%*	9,109	*1.6 %*	12,141	*2.8 %*
	183,741	*30.2%*	185,573	*33.8 %*	163,305	*37.0 %*
Earnings (loss) from operations	10,114	*1.7%*	(6,594)	*(1.2)%*	(17,664)	*(4.0)%*
Foreign exchange gain (loss)	(11,843)		(12,390)		3,823	
Other income (expense)	115		854		(98)	
Loss before income taxes	(1,614)		(18,130)		(13,939)	
Income tax expense (recovery)	1,060		(1,277)		1,611	
Net loss from continuing operations	(2,674)		(16,853)		(15,550)	
Net earnings from discontinued operations	—		—		70,588	
Net earnings (loss)	(2,674)		(16,853)		55,038	
Net earnings (loss) per share - basic and diluted (in dollars)						
Continuing operations	(0.08)		(0.53)		(0.50)	
Discontinued operations	—		—		2.29	
	(0.08)		(0.53)		1.79	

Fiscal Year 2015 Compared to Fiscal Year 2014

Revenue

Revenue increased by $59.3 million, or 10.8%, in 2015 compared to 2014. The increase was mainly driven by growth in OEM Solutions, with solid contributions from automotive, energy, and enterprise networking customers as well as contributions of $20.1 million from the acquired Maingate, Accel and MobiquiThings businesses in 2015. This increase was partially offset by the unfavorable foreign exchange impact on Euro denominated revenue and weaker year-over-year gateway revenue.

Our geographic revenue mix for the years ended December 31, 2015 and 2014 was as follows:



During the years ended December 31, 2015, 2014 and 2013, no customer accounted for more than 10% of our aggregated revenue, from continuing and discontinued operations.

Gross margin

Gross margin was 31.9% of revenue in 2015, compared to 32.6% in 2014. The modest decrease in gross margin percentage was primarily driven by an increase in sales to high volume but lower margin Automotive OEM customers, combined with lower revenue from our higher margin Enterprise Solutions segment and unfavorable foreign exchange rates. This was partially offset by product cost reductions and the addition of newly acquired, higher margin connectivity services revenue. Gross margin included stock-based compensation expense and related social taxes of $0.6 million in both 2015 and 2014.

Sales and marketing

Sales and marketing expenses increased $3.7 million, or 7.3%, in 2015, compared to 2014 primarily as a result of the additional costs from recent acquisitions and targeted investments in resources to support our go-to-market strategy, partially offset by the favorable impact of foreign exchange. Sales and marketing expenses included stock-based compensation and related social taxes of $2.2 million in both 2015 and 2014.

Research and development

Research and development (“R&D”) expenses decreased by $6.9 million, or 8.5%, in 2015, compared to 2014. The decrease in R&D expenses was primarily due to lower amortization related to businesses acquired and the favorable impact of foreign exchange, partially offset by higher certification costs and investment in R&D resources.

R&D expenses included stock-based compensation and related social taxes of $1.5 million in 2015, compared to $2.1 million in 2014. R&D expenses also included acquisition amortization of $1.3 million in 2015, compared to $5.7 million in 2014.

Administration

Administration expenses increased by $3.3 million, or 8.9%, in 2015, compared to 2014, primarily due to additional expenses associated with the acquired Maingate, Accel and MobiquiThings businesses, as well as higher corporate development costs, partially offset by the favorable impact of foreign exchange. Administration expenses included stock-based compensation expense and related social taxes of $5.3 million in 2015, compared to $5.6 million in 2014.

Restructuring

Restructuring costs were lower by $0.6 million in 2015, compared to 2014. Restructuring costs in 2015 were related to implementation of a plan to realign responsibilities within our Enterprise Solutions segment to reflect the evolution of our business and to provide dedicated focus on our enterprise gateways and recently acquired cloud and connectivity services businesses. Restructuring costs in 2014 were related to our decision to reduce the scope of 2G chipset development activities.

Acquisition-related and integration

Acquisition-related and integration costs decreased by $0.7 million in 2015, compared to 2014. The decrease was primarily due to a $0.8 million change in the fair value of acquisition-related contingent consideration.

Impairment

In the second quarter of 2014, we made a decision to reduce the scope of 2G chipset development activities, which resulted in a $3.8 million impairment. Management evaluated the recoverability of costs and determined that the expected future cash flows were lower than the carrying value of the assets associated with this project. No such impairment was recorded in 2015.

Amortization

Amortization expense increased by $3.3 million, or 35.7%, in 2015, primarily due to higher acquisition related amortization. Amortization expense in 2015 included $8.4 million of acquisition amortization compared to $5.2 million in 2014.

Foreign exchange gain (loss)

Foreign exchange loss was $11.8 million in 2015, compared to a loss of $12.4 million in 2014. Commencing in the second quarter of 2015, we classified an intercompany Euro denominated loan ("Intercompany Loan") as part of a net investment in a foreign subsidiary which resulted in the foreign exchange gain or loss from revaluation of the Intercompany Loan being recognized in other comprehensive income on a prospective basis. Prior to the second quarter of 2015, we had the intention to have the foreign subsidiary repay the Intercompany Loan and, as such, the foreign exchange fluctuations from the revaluation of the Intercompany Loan were recognized through foreign exchange gain or loss as part of net earnings.

Income tax expense (recovery)

Income tax expense was $1.1 million in 2015, compared to an income tax recovery of $1.3 million in 2014. The additional expense was due to higher earnings and the impact of a shift of earnings between jurisdictions. The recovery in 2014 was related to a combination of changes in deferred income tax assets and the release of a FASB Interpretation No. 48 provision which had become statute barred.

Net earnings (loss)

Net loss was $2.7 million in 2015, compared to net loss of $16.9 million in 2014. The decrease in the net loss reflects improved earnings from operations partially offset by higher income tax expenses.

Net loss in 2015 included stock-based compensation expense and related social taxes of $9.7 million and acquisition amortization of $9.7 million. Net loss in 2014 included stock-based compensation expense and related social taxes of $10.5 million and acquisition amortization of $10.9 million.

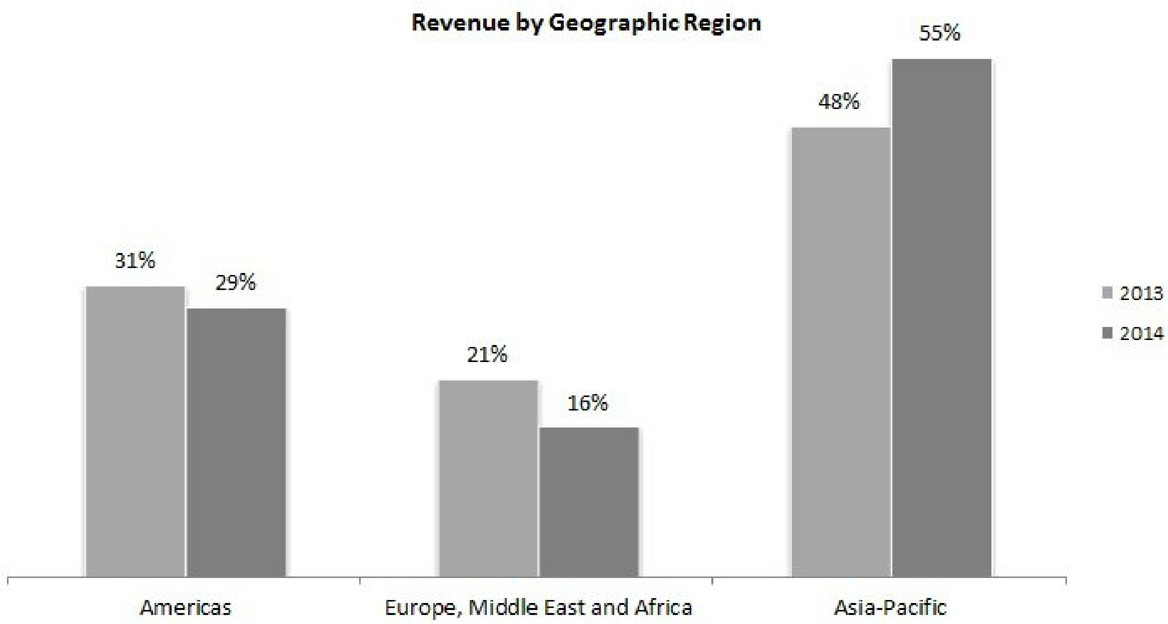
Weighted average number of shares
The weighted average basic and diluted shares outstanding were 32.2 million for the year ended December 31, 2015 and 31.5 million for the year ended December 31, 2014.

The number of shares outstanding was 32.3 million at December 31, 2015, compared to 31.9 million at December 31, 2014. The increase in the number of shares outstanding was primarily due to the issuance of common shares as a result of stock option exercises.

<u>Fiscal Year 2014 Compared to Fiscal Year 2013</u>

Revenue
Revenue increased by $106.6 million, or 24.1%, in 2014, compared to 2013. The increase was largely driven by growth in OEM Solutions, with particular strength in 3G and 4G sales, including solid contributions from automotive, field services, energy, networking and mobile computing customers. In addition, there was strong contribution in Enterprise Solutions from the acquired In Motion products.

Our geographic revenue mix for the years ended December 31, 2014 and 2013 was as follows:



Gross margin
Gross margin was 32.6% of revenue in 2014, compared to 33.0% in 2013. The decrease in gross margin was primarily related to the increased volume of lower margin products sold by our OEM Solutions segment in 2014 compared to 2013. Gross margin improved sequentially throughout 2014 to 33.5% in the fourth quarter driven mainly by certain product cost reductions negotiated during the year. Gross margin included stock-based compensation expense and related social taxes of $0.6 million in 2014, compared to $0.4 million in 2013.

Sales and marketing
Sales and marketing expenses increased $8.3 million, or 19.7%, in 2014, compared to 2013 primarily due to the additional sales and marketing expenses from In Motion beginning in March 2014, as well as targeted investments in our go-to-market capability and higher incentive compensation due to higher revenues. Sales and marketing expenses included stock-based compensation and related social taxes of $2.2 million in 2014, compared to $1.9 million in 2013.

Research and development
R&D expenses increased by $7.8 million, or 10.7%, in 2014, compared to 2013. The increase in R&D expenses related primarily to additional costs associated with the acquired businesses of AnyData and In Motion along with the impact of lower R&D tax credits received in 2014 compared to 2013.

R&D expenses included stock-based compensation and related social taxes of $2.1 million in 2014, compared to $1.4 million in 2013. R&D expenses also included acquisition amortization of $5.7 million in 2014, compared to $5.5 million in 2013.

Administration
Administration expenses increased by $1.9 million, or 5.3%, in 2014, compared to 2013, primarily due to additional expenses associated with the acquired AnyData and In Motion businesses and a specific bad debt provision. Administration expenses included stock-based compensation expense and related social taxes of $5.6 million in 2014, compared to $4.3 million in 2013.

Restructuring
Restructuring costs increased by $1.4 million in 2014, compared to 2013, primarily related to severance and benefit payments to employees impacted by the staff reductions related to the Company's decision to reduce the scope of 2G chipset development activities.

Acquisition-related and integration
Acquisition-related and integration costs increased by $2.1 million in 2014, compared to 2013, primarily reflecting the costs incurred to acquire and integrate In Motion into our operations and $0.6 million incurred through December 31, 2014 to acquire Maingate.

Impairment
In the second quarter of 2014, we made a decision to reduce the scope of 2G chipset development activities, which resulted in a $3.8 million impairment. Management evaluated the recoverability of costs and determined that the expected future cash flows were lower than the carrying value of the assets associated with this project. No such impairment was recorded in 2013.

Amortization
Amortization expense decreased by $3.0 million, or 25.0%, in 2014, primarily due to lower acquisition related amortization. Amortization expense in 2014 included $5.2 million of acquisition amortization compared to $8.2 million in 2013.

Foreign exchange gain (loss)
Foreign exchange loss was $12.4 million in 2014, compared to a gain of $3.8 million in 2013. Foreign exchange loss in 2014 includes an unrealized loss of $7.4 million on revaluation of an intercompany loan to a self-sustaining subsidiary, primarily driven by the decline in the Euro relative to the U.S. dollar. Foreign exchange gain in 2013 includes an unrealized gain of $2.7 million on revaluation of the intercompany loan.

Foreign exchange rate changes also impacted our Euro and Canadian dollar denominated revenue and operating expenses. We estimate that net changes in exchange rates between 2014 and 2013 positively impacted our 2014 gross margin by approximately $0.4 million and our operating expenses by approximately $3.4 million.

Income tax expense (recovery)
Income tax recovery was $1.3 million in 2014, compared to an income tax expense of $1.6 million in 2013. The recovery in 2014 was related to a combination of changes in deferred income tax assets and the release of a FASB Interpretation No. 48 provision which had become statute barred.

Net loss from continuing operations
Net loss from continuing operations increased by $1.3 million in 2014, compared to 2013. The increase reflected an increase in foreign exchange loss partially offset by an increase in operating earnings and income tax recoveries.

Net loss from continuing operations in 2014 included stock-based compensation expense and related social taxes of $10.5 million and acquisition amortization of $10.9 million. Net loss from continuing operations in 2013 included stock-based compensation expense of $8.0 million and acquisition amortization of $13.7 million.

Net earnings (loss)
Net loss was $16.9 million in 2014, compared to net earnings of $55.0 million in 2013. The 2014 net loss includes after-tax foreign exchange losses compared to after-tax foreign exchange gains in 2013. Net earnings in 2013 includes the $70.2 million after-tax gain on sale of the AirCard business, combined with the absence of earnings from discontinued operations.

Weighted average number of shares
The weighted average basic and diluted number of shares outstanding was 31.5 million for the year ended December 31, 2014 and was 30.8 million for the year ended December 31, 2013.

The number of shares outstanding was 31.9 million at December 31, 2014, compared to 31.1 million at December 31, 2013. The increase in number of shares outstanding was primarily due to the issuance of common shares as a result of stock option exercises.

SEGMENTED INFORMATION

OEM Solutions

(in thousands of U.S. dollars, except where otherwise stated)	**2015**	**2014**	**2013**	*% change* *2015 vs 2014*	*% change* *2014 vs 2013*
Revenue	$ 523,366	$ 476,650	$ 382,016	*9.8%*	*24.8%*
Cost of goods sold	371,559	336,132	266,867	*10.5%*	*26.0%*
Gross margin	$ 151,807	$ 140,518	$ 115,149	*8.0%*	*22.0%*
Gross margin %	*29.0%*	*29.5%*	*30.1%*		

Fiscal Year 2015 compared to 2014
Revenue increased by $46.7 million, or 9.8%, in 2015, compared to 2014. This increase was primarily due to continued growth in sales of 3G and 4G products and solid contributions from automotive, energy and enterprise networking customers. Gross margin percentage modestly decreased in 2015 primarily due to an increase in sales to high volume but lower margin Automotive OEM customers and unfavorable foreign exchange rates, partially offset by product cost reductions on certain components.

Fiscal Year 2014 compared to 2013
Revenue increased by $94.6 million, or 24.8%, to $476.7 million in 2014, compared to 2013. This increase was due to solid contributions from automotive, field services, energy and mobile computing customers. Gross margin percentage decreased in 2014 primarily driven by customer mix within the OEM Solutions segment favoring high volume, lower margin customers, partially offset by product cost reductions.

Enterprise Solutions

(in thousands of U.S. dollars, except where otherwise stated)	2015	2014	2013	% change 2015 vs 2014	% change 2014 vs 2013
Revenue	$ 63,072	$ 71,873	$ 59,844	*(12.2)%*	*20.1%*
Cost of goods sold	29,945	33,412	29,352	*(10.4)%*	*13.8%*
Gross margin	$ 33,127	$ 38,461	$ 30,492	*(13.9)%*	*26.1%*
Gross margin %	*52.5%*	*53.5%*	*51.0%*		

Fiscal Year 2015 compared to 2014

Revenue decreased by $8.8 million, or 12.2%, in 2015, compared to 2014. The decrease was driven by lower sales of AirLink gateway products due to heightened competition and the impact on sales of a new product pipeline that had not yet been fully launched into the market. Gross margin percentage decreased in 2015, driven primarily by unfavorable product mix resulting from lower sales of higher margin gateway products and overall lower sales volume.

Fiscal Year 2014 compared to 2013

Revenue increased by $12.0 million, or 20.1%, to $71.9 million in 2014, compared to 2013. The increase was driven by revenue contribution from the acquired In Motion business, partially offset by lower demand for AirLink products. Gross margin percentage improved in 2014, driven primarily by a combination of favorable product mix, including the acquired In Motion products, and lower product warranty costs compared to 2013.

Cloud and Connectivity Services

(in thousands of U.S. dollars, except where otherwise stated)	2015	2014	2013
Revenue	$ 21,360	$ —	$ —
Cost of goods sold	12,439	—	—
Gross margin	$ 8,921	$ —	$ —
Gross margin %	41.8%	*—%*	*—%*

Cloud and Connectivity Services is a new reportable segment that was created following the implementation of a new organizational structure during 2015. The 2015 segment information reflects its operations for the entire year. We have not disclosed comparative information for this new segment as the operations related to Cloud and Connectivity Services that were formerly included in the Enterprise Solutions segment were not material prior to 2015. The segment comprises revenues derived from our cloud-based platform, our connectivity services and our managed wireless broadband services and includes the acquisitions of Maingate, Accel and MobiquiThings and our existing AirVantage cloud-based platform.

FOURTH QUARTER OVERVIEW

Consolidated Results of Operations:

(in thousands of U.S. dollars, except where otherwise stated)	Three months ended December 31, 2015		2014	
	$	**% of Revenue**	**$**	**% of Revenue**
Revenue	144,846	100.0 %	149,078	100.0%
Cost of goods sold	99,783	68.9 %	99,072	66.5%
Gross margin	45,063	31.1 %	50,006	33.5%
Expenses				
Sales and marketing	14,315	9.9 %	12,682	8.5%
Research and development	18,539	12.8 %	21,012	14.1%
Administration	9,393	6.5 %	9,008	6.0%
Restructuring	201	0.1 %	540	0.4%
Acquisition-related and integration	(616)	(0.4)%	1,273	0.9%
Amortization	3,905	2.7 %	2,092	1.4%
	45,737	31.6 %	46,607	31.3%
Earnings (loss) from operations	(674)	(0.5)%	3,399	2.3%
Foreign exchange loss	(1,398)		(3,852)	
Other income (expense)	(16)		246	
Loss before income taxes	(2,088)		(207)	
Income tax expense (recovery)	(1,705)		1,494	
Net loss	(383)		(1,701)	
Net loss per share - Basic and diluted (in dollars)	(0.01)		(0.05)	

GAAP:

- In the fourth quarter of 2015 revenue decreased by $4.2 million, or 2.8%, compared to the fourth quarter of 2014 primarily as a result of lower sales to certain customers in a number of segments within our OEM Solutions segment compared to the same period in 2014.
- Gross margin was 31.1% in the fourth quarter of 2015, compared to 33.5% in the fourth quarter of 2014. The decrease in gross margin in the fourth quarter of 2015 compared to the fourth quarter of 2014 is primarily attributable to an increase in sales to high volume but lower margin Automotive OEM customers and higher costs for a certain end of life component used in our legacy OEM products, combined with lower revenue from our higher margin Enterprise Solutions segment and unfavorable foreign exchange rates. This was partially offset by product cost reductions in certain other components and the addition of newly acquired wireless services revenue at above corporate average margins.
- Earnings from operations decreased by $4.1 million in the fourth quarter of 2015 compared to the fourth quarter of 2014 as a result of lower revenue and associated gross margin and higher operating expenses reflecting the acquired cost structure of the Maingate, Accel and MobiquiThings businesses and targeted investments in resources to support our go-to-market strategy, partially offset by the favorable impact of foreign exchange in the fourth quarter of 2015 compared to the fourth quarter of 2014.
- Net loss improved by $1.3 million in the fourth quarter of 2015, compared to the fourth quarter of 2014. Lower operating income in the fourth quarter of 2015 was partially offset by an income tax recovery and lower foreign exchange losses, which reduced the net loss compared to 2014.

- Cash and cash equivalents at the end of the fourth quarter of 2015 were $93.9 million, an increase of $5.5 million compared to $88.3 million at the end of the third quarter of 2015. The increase was attributable to an increase in cash generated from operating activities of $13.1 million partially offset by purchases of shares for RSU distribution and capital expenditures.

NON-GAAP:

- Gross margin was 31.2% in the fourth quarter of 2015, compared to 33.6% in the fourth quarter of 2014.
- Earnings from operations decreased by $6.7 million compared to the fourth quarter of 2014.
- Adjusted EBITDA decreased by $6.4 million compared to the fourth quarter of 2014. This decrease reflects decreased revenue and decreased earnings growth in the fourth quarter of 2015.
- Net earnings decreased by $6.6 million, compared to the fourth quarter of 2014. This decrease was the result of lower operating profit in the fourth quarter of 2015.
- See "Non-GAAP Financial Measures".

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following tables highlight selected financial information for each of the eight most recent quarters that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements for the year ended December 31, 2015. The selected financial information presented below reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. These results are not necessarily indicative of results for any future period. You should not rely on these results to predict future performance.

(in thousands of U.S. dollars, except where otherwise stated)	2015				2014			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	$ 144,846	$ 154,581	$157,965	$ 150,406	$149,078	$143,270	$135,012	$121,163
Cost of goods sold	99,783	105,572	107,018	101,570	99,072	96,215	91,691	82,566
Gross margin	45,063	49,009	50,947	48,836	50,006	47,055	43,321	38,597
Gross margin %	*31.1%*	*31.7%*	*32.3%*	*32.5%*	*33.5%*	*32.8%*	*32.1%*	*31.9%*
Expenses								
Sales and marketing	14,315	13,856	12,828	13,145	12,682	12,633	12,795	12,366
Research and development	18,539	17,987	18,402	19,092	21,012	19,887	20,021	20,017
Administration	9,393	9,416	11,092	10,420	9,008	9,006	9,680	9,333
Restructuring	201	39	711	—	540	71	987	—
Acquisition-related and integration	(616)	443	1,015	1,103	1,273	356	71	970
Impairment	—	—	—	—	—	—	3,756	—
Amortization	3,905	3,066	2,787	2,602	2,092	2,159	2,275	2,583
	45,737	44,807	46,835	46,362	46,607	44,112	49,585	45,269
Earnings (loss) from operations	(674)	4,202	4,112	2,474	3,399	2,943	(6,264)	(6,672)
Foreign exchange gain (loss)	(1,398)	(102)	1,550	(11,893)	(3,852)	(8,039)	(891)	392
Other income (expense)	(16)	13	13	105	246	317	265	26
Earnings (loss) before income taxes	(2,088)	4,113	5,675	(9,314)	(207)	(4,779)	(6,890)	(6,254)
Income tax expense (recovery)	(1,705)	827	1,599	339	1,494	(1,875)	1,353	(2,249)
Net earnings (loss)	$ (383)	$ 3,286	$ 4,076	$ (9,653)	$ (1,701)	$ (2,904)	$ (8,243)	$ (4,005)
Earnings (loss) per share - GAAP in dollars								
Basic	$ (0.01)	$ 0.10	$ 0.13	$ (0.30)	$ (0.05)	$ (0.09)	$ (0.26)	$ (0.13)
Diluted	$ (0.01)	$ 0.10	$ 0.12	$ (0.30)	$ (0.05)	$ (0.09)	$ (0.26)	$ (0.13)
Weighted average number of shares (in thousands)								
Basic	32,282	32,231	32,166	31,983	31,759	31,582	31,466	31,235
Diluted	32,282	32,823	32,915	31,983	31,759	31,582	31,466	31,235

Our quarterly results may fluctuate from quarter-to-quarter, driven by variation in sales volume, product mix and the combination of variable and fixed operating expenses. The impact of significant items incurred during the first three interim periods of the year ended December 31, 2015 are discussed in more detail and disclosed in our quarterly reports and management's discussion and analysis. Factors that affected our quarterly results in 2015 are listed below.

- In the first quarter of 2015, net loss increased $7.9 million, or $0.25 per common share, to a net loss of $9.7 million, compared to the fourth quarter of 2014. The increase in the net loss was largely related to lower gross margin and higher foreign exchange losses partially offset by lower income tax expenses in the first quarter of 2015.

- In the second quarter of 2015, net earnings increased by $13.7 million, or $0.42 per common share, compared to net earnings of $4.1 million, in the first quarter of 2015 mainly driven by higher revenue and associated gross margin, as well as a $1.6 million foreign exchange gain in the second quarter of 2015 compared to a $11.9 million foreign exchange loss in the first quarter of 2015.

- In the third quarter of 2015, net earnings decreased by $0.8 million, or $0.02 per common share, compared to net earnings of $3.3 million, in the second quarter of 2015, driven by a combination of lower revenue and gross margin, as well as higher foreign exchange losses partially offset by lower operating expenses and lower income tax expenses.

- In the fourth quarter of 2015, net loss increased by $3.7 million, or $0.11 per common share, to a loss of $0.4 million, compared to the third quarter of 2015, primarily due to a lower revenue and gross margin, higher operating expenses and higher foreign exchange loss, partially offset by an income tax recovery.

LIQUIDITY AND CAPITAL RESOURCES

Selected Financial Information:

(in thousands of U.S. dollars)	2015	2014	2013
Cash flows provided before changes in non-cash working capital:	$ 29,089	$ 27,380	$ 13,257
Changes in non-cash working capital			
Accounts receivable	(8,437)	(5,180)	10,897
Inventories	(16,262)	(8,949)	11,908
Prepaid expense and other	(5,748)	25,421	(7,254)
Accounts payable and accrued liabilities	16,342	10,538	(13,139)
Deferred revenue and credits	(451)	(510)	1,147
	(14,556)	21,320	3,559
Cash flows provided by (used in):			
Operating activities	**$ 14,533**	**$ 48,700**	**$ 16,816**
Investing activities	**$ (127,969)**	**$ (22,336)**	**$ 98,754**
Acquisitions	(112,895)	(23,853)	(5,196)
Net proceeds from sale of AirCard business	—	13,800	119,958
Capital expenditures and increase in intangible assets	(15,079)	(10,829)	(13,570)
Net change in short-term investments and other assets	—	(1,584)	(2,470)
Financing activities	**$ (3,047)**	**$ 22**	**$ (925)**
Issue of common shares	3,837	6,404	8,106
Repurchase of common shares for cancellation	—	—	(5,772)
Purchase of treasury shares for RSU distribution	(6,584)	(5,955)	(3,433)
Free Cash Flow (1)	**$ (546)**	**$ 37,871**	**$ 3,246**

(1) See "Non-GAAP Financial Measures".

Operating Activities

Cash provided by operating activities decreased by $34.2 million year-over-year, primarily due to higher working capital requirements in 2015 due to purchases of an end of life component to be used in our legacy OEM products and prepayment of an intellectual property license. Favorable working capital requirements in 2014 were driven by the reduction of required inventory prepayments as a result of improved commercial terms from one of our contract manufacturers.

Investing Activities

Cash used in investing activities increased by $105.6 million in 2015 and was primarily the result of the acquisitions of Maingate, Accel and MobiquiThings and increased capital expenditures compared to 2014. Cash used in 2014 was mainly related to the acquisition of In Motion and capital expenditures offset by the receipt of escrow funds related to the sale of the Aircard business.

Cash used for the purchase of capital equipment was primarily for production and tooling equipment, research and development equipment, and computer equipment & software, while cash used for intangible assets was driven primarily by patent registration costs and software licensing costs.

Financing Activities
Cash used in financing activities increased $3.1 million year-over-year, primarily due to the reduced issuance of common shares which provided an additional $2.6 million in 2014 and higher spending on purchases of common shares to satisfy obligations under our restricted share unit plan in 2015.

Free Cash Flow
Our free cash flow for 2015 was negative $0.5 million compared to $37.9 million in 2014. This decrease was a result of lower operating cash flow and higher capital expenditures in 2015 compared to 2014.

Cash Requirements
Our near-term cash requirements are primarily related to funding our operations, capital expenditures, intellectual property ("IP") licenses, and other obligations discussed below. We continue to believe that our cash and cash equivalents of $93.9 million at December 31, 2015 and cash generated from operations will be sufficient to fund our expected working capital requirements for at least the next twelve months. Our capital expenditures during the first quarter of 2016 are expected to be primarily for factory test equipment, R&D equipment, tooling, leasehold improvements, software licenses and patents. However, we cannot be certain that our actual cash requirements will not be greater than we currently expect.

The following table presents the aggregate amount of future cash outflows for contractual obligations as of December 31, 2015.

Payments due by period (In thousands of dollars)	**Total**	**2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**
Operating lease obligations	$ 21,378	$ 5,224	$ 4,815	$ 3,735	$ 3,099	$ 2,527	$ 1,978
Capital lease obligations	517	212	156	101	44	4	—
Purchase obligations (1)	87,631	87,631	—	—	—	—	—
Acquisition contingent consideration (2)	502	9	195	298	—	—	—
Other long-term liabilities (3)	44,065	—	—	—	—	—	—
Total	**$ 154,093**	**$ 93,076**	**$ 5,166**	**$ 4,134**	**$ 3,143**	**$ 2,531**	**$ 1,978**

(1) Purchase obligations represent obligations with certain contract manufacturers to buy a minimum amount of designated products between January 2016 and June 2016. In certain of these arrangements, we may be required to acquire and pay for such products up to the prescribed minimum or forecasted purchases.

(2) Acquisition contingent consideration relates to expected payments to be made under the performance-based earnout formulas for the MobiquiThings acquisition. The obligation include the portion recognized as purchase price consideration and do not reflect the effect of discount rates.

(3) Other long-term liabilities include the long-term portions of accrued royalties which because of their contingent nature are not directly attributable to any specific time period .

Normal Course Issuer Bid
On February 4, 2016, we received approval from the TSX of our Notice of Intention to make a Normal Course Issuer Bid (the "Bid"). Pursuant to the Bid, we may purchase for cancellation up to 3,149,199 of our common shares, or approximately 9.7% of the common shares outstanding as of the date of the announcement. The Bid commenced on February 9, 2016 and will terminate on the earlier of: (i) February 8, 2017, (ii) the date the Company completes its purchases pursuant to the notice of intention filed with the TSX, or (iii) the date of notice by the Company of termination of the Bid. As of February 29, 2016, we had purchased 549,583 common shares at an average price of $11.18 per share.

On February 29, 2016, we established an automatic share purchase plan in connection with the previously announced Bid with a designated broker to allow for the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase shares due to regulatory restrictions.

Capital Resources

The source of funds for our future capital expenditures and commitments includes cash, accounts receivables, cash from operations and borrowings under our credit facilities.

	2015				2014			
(In thousands of dollars)	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Cash and cash equivalents	$ 93,936	$ 88,369	$ 96,474	$ 99,555	$207,062	$196,086	$168,418	$151,339
Unused credit facilities	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	**$103,936**	**$ 98,369**	**$106,474**	**$109,555**	**$217,062**	**$206,086**	**$178,418**	**$161,339**

Credit Facilities

We have a $10 million revolving term credit facility ("the Revolving Facility") with Toronto Dominion Bank and the Canadian Imperial Bank of Commerce. The term of the Revolving Facility has been extended to January 31, 2017. The Revolving Facility is for working capital requirements, is secured by a pledge against all of our assets and is subject to borrowing base limitations. As at December 31, 2015, there were no borrowings under the Revolving Facility.

Letters of Credit

We have access to a revolving standby letter of credit facility of $10 million from Toronto Dominion Bank. The credit facility is used for the issuance of letters of credit for project related performance guarantees and is guaranteed by Export Development Canada. As of December 31, 2015, there were no letters of credit issued against the revolving standby letter of credit facility.

NON-GAAP FINANCIAL MEASURES

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.

Our non-GAAP financial measures include non-GAAP gross margin, non-GAAP earnings (loss) from operations, Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), non-GAAP net earnings (loss), non-GAAP diluted earnings (loss) per share and free cash flow. Non-GAAP results exclude the impact of stock-based compensation expense and related social taxes, amortization related to acquisitions, acquisition-related and disposition costs, restructuring costs, integration costs, impairment, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments. We disclose non-GAAP financial measures as we believe they provide useful information to evaluate our operating results, for financial and operational decision-making purposes and to 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. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure. We therefore believe that despite these limitations, it is appropriate to supplement the U.S. GAAP measures with certain non-GAAP measures defined in this section of our MD&A.

Adjusted EBITDA is defined as earnings (loss) from operations plus stock-based compensation and related social taxes, acquisition-related and integration costs, restructuring costs, impairment and amortization. Adjusted EBITDA can also be calculated as non-GAAP earnings (loss) from operations plus amortization excluding acquisition related amortization. We believe that Adjusted EBITDA is an important indicator of our operating performance and our ability to generate liquidity through operating cash flow that will fund future working capital needs and fund future capital expenditures. Adjusted EBITDA is also used by investors and analysts for valuation purposes. Free cash flow is defined as cash flow from operating activities less capital expenditures and increases in intangibles. We believe that disclosure of free cash flow provides a good measure of our ability to generate cash that can be used for expansion of the business.

The following table provides a reconciliation of the non-GAAP financial measures to our most directly comparable U.S. GAAP results for years ended December 31:

(in thousands of U.S. dollars, except where otherwise stated)		**2015**		**2014**		**2013**
Gross margin - GAAP	**$**	**193,855**	$	178,979	$	145,641
Stock-based compensation and related social taxes		**647**		555		406
Gross margin - Non-GAAP	**$**	**194,502**	$	179,534	$	146,047
Earnings (loss) from operations - GAAP	**$**	**10,114**	$	(6,594)	$	(17,664)
Stock-based compensation and related social taxes		**9,685**		10,464		7,990
Acquisition-related and integration		**1,945**		2,670		535
Restructuring		**951**		1,598		171
Impairment		**—**		3,756		280
Acquisition related amortization		**9,666**		10,900		13,741
Earnings from operations - Non-GAAP	**$**	**32,361**	$	22,794	$	5,053
Amortization (excluding acquisition related amortization)		**10,550**		12,617		13,649
Adjusted EBITDA	**$**	**42,911**	$	35,411	$	18,702
Net loss from continuing operations - GAAP	**$**	**(2,674)**	$	(16,853)	$	(15,550)
Stock-based compensation and related social taxes, restructuring, impairment, acquisition-related, integration, and acquisition related amortization, net of tax		**22,063**		29,337		22,620
Unrealized foreign exchange loss (gain)		**11,596**		12,285		(3,912)
Income tax adjustments		**(5,211)**		(4,921)		3,784
Net earnings from continuing operations - Non-GAAP	**$**	**25,774**	$	19,848	$	6,942
Net earnings from discontinued operations - GAAP	**$**	**—**	$	—	$	70,588
Stock-based compensation and disposition costs		**—**		—		4,014
Gain on sale of AirCard business		**—**		—		(70,182)
Net earnings from discontinued operations - Non-GAAP	**$**	**—**	$	—	$	4,420
Net earnings (loss) - GAAP	**$**	**(2,674)**	$	(16,853)	$	55,038
Net earnings (loss) - Non-GAAP		**25,774**		19,848		11,362
Diluted earnings (loss) from continuing operations per share						
GAAP - (in dollars)	**$**	**(0.08)**	$	(0.53)	$	(0.50)
Non-GAAP - (in dollars)	**$**	**0.80**	$	0.63	$	0.23
Net earnings (loss) per share - diluted						
GAAP - (in dollars)	**$**	**(0.08)**	$	(0.53)	$	1.79
Non-GAAP - (in dollars)	**$**	**0.80**	$	0.63	$	0.37

The following table provides a quarterly reconciliation of the non-GAAP financial measures to our most directly comparable U.S. GAAP results:

(in thousands of U.S. dollars, except where otherwise stated)	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Gross margin - GAAP	$ 45,063	$ 49,009	$ 50,947	$ 48,836	$ 50,006	$ 47,055	$ 43,321	$ 38,597
Stock-based compensation and related social taxes	106	146	147	248	131	134	130	160
Gross margin - Non-GAAP	$ 45,169	$ 49,155	$ 51,094	$ 49,084	$ 50,137	$ 47,189	$ 43,451	$ 38,757
Earnings (loss) from operations - GAAP	$ (674)	$ 4,202	$ 4,112	$ 2,474	$ 3,399	$ 2,943	$ (6,264)	$ (6,672)
Stock-based compensation and related social taxes	1,670	2,557	2,858	2,600	2,432	2,402	2,326	3,304
Acquisition-related and integration	(616)	443	1,015	1,103	1,273	356	71	970
Restructuring	201	39	711	—	540	71	987	—
Impairment	—	—	—	—	—	—	3,756	—
Acquisition related amortization	2,734	2,234	2,029	2,669	2,389	2,609	2,784	3,118
Earnings (loss) from operations - Non-GAAP	$ 3,315	$ 9,475	$ 10,725	$ 8,846	$ 10,033	$ 8,381	$ 3,660	$ 720
Amortization (excluding acquisition related amortization)	3,030	2,635	2,423	2,462	2,699	3,400	3,153	3,365
Adjusted EBITDA	$ 6,345	$ 12,110	$ 13,148	$ 11,308	$ 12,732	$ 11,781	$ 6,813	$ 4,085
Net earnings (loss) - GAAP	$ (383)	$ 3,286	$ 4,076	$ (9,653)	$ (1,701)	$ (2,904)	$ (8,243)	$ (4,005)
Stock-based compensation and related social taxes, restructuring, impairment, acquisition-related, integration, and acquisition related amortization, net of tax	4,016	5,232	6,443	6,372	6,618	5,414	9,916	7,389
Unrealized foreign exchange loss (gain)	1,393	(51)	(1,581)	11,835	3,798	7,953	916	(382)
Income tax adjustments	(2,490)	(1,048)	(301)	(1,372)	378	(2,781)	1	(2,519)
Net earnings (loss) - Non-GAAP	$ 2,536	$ 7,419	$ 8,637	$ 7,182	$ 9,093	$ 7,682	$ 2,590	$ 483
Diluted earnings (loss) per share								
GAAP - (in dollars)	$ (0.01)	$ 0.10	$ 0.12	$ (0.30)	$ (0.05)	$ (0.09)	$ (0.26)	$ (0.13)
Non-GAAP - (in dollars)	$ 0.08	$ 0.23	$ 0.26	$ 0.22	$ 0.29	$ 0.24	$ 0.08	$ 0.02

Free Cash Flow:

(in thousands of U.S. dollars)	2015	2014	2013
Cash flows from operating activities	$ 14,533	$ 48,700	$ 16,816
Capital expenditures and increase in intangible assets	(15,079)	(10,829)	(13,570)
Free Cash Flow	**$ (546)**	**$ 37,871**	**$ 3,246**

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements during the years ended December 31, 2015 and 2014.

TRANSACTIONS BETWEEN RELATED PARTIES

We did not undertake any transactions with related parties during the years ended December 31, 2015 and 2014.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in accordance with U.S. GAAP and we make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosure of contingent liabilities. Note 2, *Summary of significant accounting policies*, in the December 31, 2015 consolidated financial statements includes a summary of the significant accounting policies used in the preparation of our consolidated financial statements. While all of the significant accounting policies are important to the annual consolidated financial statements, some of these policies may be viewed as involving a high degree of judgment.

On an ongoing basis, we evaluate our estimates and judgments, including those related to business combinations, revenue recognition, adequacy of allowance for doubtful accounts, adequacy of inventory reserve, valuation of goodwill and intangible assets, income taxes, useful lives of long-lived assets, adequacy of warranty reserve, royalty obligations, contingencies, stock-based compensation, and fair value measurement. We base our estimates on historical experience, anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ materially from our estimates.

The following critical accounting policies require management's most difficult, subjective and complex judgments, and are subject to measurement uncertainty.

<u>Business combinations</u>

We account for our business combinations using the acquisition method. Under this method, estimates we make to determine the fair values of acquired assets and liabilities assumed include judgments in our determinations of acquired intangible assets and assessment of the fair value of existing property and equipment. Assumed liabilities can include litigation and other contingency reserves existing at the time of the acquisition. Goodwill is recognized as of the acquisition date as the excess of the fair value of consideration transferred over the estimated fair values of net identifiable assets acquired and liabilities assumed at their acquisition date. Acquisition related expenses are separately recognized from business combination and are expensed as incurred.

When establishing fair values, we make significant estimates and assumptions, especially with respect to intangible assets. Intangible assets acquired and recorded by us may include patents, intellectual property, customer relationships, brand, backlog and in-process research and development. Estimates include but are not limited to the forecasting of future cash flows and discount rates. From time to time, we may engage third-party firms to assist us in determining the fair value of assets and liabilities assumed. Our estimates of fair values are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. As a result, actual results may differ from estimates impacting our earnings.

Revenue recognition

We recognize revenue from sales of products and services upon the later of transfer of title or upon shipment of the product to the customer or rendering of the service, so long as persuasive evidence of an arrangement exists, delivery has occurred, price is fixed or determinable, and collection is reasonably assured. Customers include resellers and distributors, OEMs, mobile network operators, other enterprises and public sector entities. We record deferred revenue when we receive cash in advance of the revenue recognition criteria being met. A significant portion of our revenue is generated from sales to resellers. We recognize revenue on the portion of sales to certain resellers that are subject to contract provisions allowing various rights of return and stock rotation, upon the earlier of when the rights have expired or the products have been reported as sold by the resellers. Revenues from contracts with multiple-element arrangements, such as those including technical support services, are recognized as each element is earned based on the relative fair value of each element and only when there are no undelivered elements that are essential to the functionality of the delivered elements. Revenue from licensed software is recognized at the inception of the license term. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period such items are delivered or services are provided. Technical support contracts extending beyond the current period are recorded as deferred revenue and amortized into income over the applicable earning period.

Funding from certain research and development agreements is recognized as revenue when certain criteria stipulated under the terms of those funding agreements have been met and when there is reasonable assurance the funding will be received. Certain research and development funding may be repayable on the occurrence of specified future events. We recognize the liability to repay research and development funding in the period in which conditions arise that would cause research and development funding to be repayable. Government research and development arrangements are recognized as a reduction of the related expense when the criteria stipulated under the terms of the agreements have been met and when there is reasonable assurance the funding will be received.

Allowance for doubtful accounts

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. We consider the following factors when determining whether collection is reasonably assured: customer credit-worthiness, past transaction history with the customer, insured amounts, if any, current economic industry trends and changes in customer payment terms. If we have no previous experience with the customer, we typically obtain reports from credit organizations to ensure that the customer has a history of paying its creditors. We may also request financial information, including financial statements, to ensure that the customer has the means of making payment. If these factors indicate collection is not reasonably assured, revenue is deferred until collection becomes reasonably assured, which is generally upon receipt of cash. If the financial condition of any of our customers deteriorates, we may increase our allowance.

As at December 31, 2015, accounts receivable comprised 21.3% of total assets. Included in this balance was a provision of $2.1 million for doubtful accounts, or 1.8% of accounts receivable compared to $2.3 million for doubtful accounts, or 2.1% of accounts receivable as at December 31, 2014. We believe our allowance for doubtful accounts as at December 31, 2015 is adequate to provide for probable losses existing in accounts receivable.

Inventory

We value our inventory at the lower of cost, determined on a first-in-first-out basis, and estimated net realizable value. We assess the need for an inventory write-down and/or an accrual for estimated losses on inventory purchase commitments based on our assessment of estimated market value using assumptions about future demand and market conditions. Our reserve requirements generally increase as our projected demand requirements decrease, due to market conditions, technological and product life cycle changes and longer than previously expected usage periods. If market conditions are worse than our projections, we may further write-down the value of our inventory or increase the accrual for estimated losses on inventory purchase commitments.

Goodwill and intangible assets

Goodwill and intangible assets are assessed for impairment on an annual basis and between annual tests whenever circumstances indicate that the carrying value of the goodwill and intangible assets might be impaired. We performed our annual test on September 30, 2015. Circumstances may include an adverse change in business climate or a more likely than not expectation that a reporting unit will be sold or disposed. On at least a quarterly basis, we assess whether such circumstances exist. An evaluation of recoverability of goodwill requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the estimated fair value of each reporting unit. Significant judgments that are required on our part to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates, consideration of appropriate control premium, market conditions, and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit and may result in impairment charges in future periods.

At December 31, 2015, our goodwill balance was $156.5 million. We determined that there was no impairment as the fair values of each of our reporting units exceeded their respective carrying values as at September 30, 2015. Our analysis took into consideration an income valuation approach using the expected discounted cash flows for each reporting unit. The principal factors used in the discounted cash flow analysis were the projected results of operations, the discount rate based on our estimated weighted average cost of capital, and terminal value assumptions for each reporting unit. The discounted cash flow model used was based on our business plan, as approved by our Board of Directors. For years subsequent to those contained in our business plan, we analyzed third party forecasts and other macro-economic indicators that impact our reporting units to provide a reasonable estimate of revenue growth in future periods. Our gross margins and operating expense estimates were consistent with those generated in recent historical periods. We also developed assumptions for the amount of working capital and capital expenditures needed to support each reporting unit.

We implemented a new organization structure that resulted in three reportable segments effective October 1, 2015. Accordingly, we reassigned goodwill using a relative fair value allocation approach and updated our goodwill valuation analysis. There was no impairment of goodwill during the years ended December 31, 2015, 2014 and 2013.

In addition to the income valuation approach noted above, we also considered our current market capitalization, which was approximately $509.0 million at December 31, 2015 and exceeds our book value of $358.3 million.

Income taxes

We recognize and measure each tax position related to income tax positions taken or expected to be taken in a tax return. We have reviewed our tax positions to determine which should be recognized and measured according to the more likely than not threshold requirement. The tax benefits recognized in the financial statements are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. If the realization of a tax position is not considered more likely than not, we provide for a valuation allowance. The ultimate realization of our deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. We consider projected future taxable income from continuing operations, tax planning strategies and transactions in making our assessment. If our assessment of our ability to realize our deferred tax assets changes, we may make an adjustment to our deferred tax assets that would be charged to income (loss).

We do not provide for taxes on foreign earnings as it is our intention to indefinitely reinvest undistributed earnings of our foreign subsidiaries. It is not practical to estimate the income tax liability that might be incurred if there is a change in management's intention in the event that a remittance of such earnings occurs in the future.

The ultimate amount of future income taxes and income tax provision could be materially different from those recorded, as it is influenced by our future operating results and our tax interpretations.

Amortization

Amortization of property and equipment and intangible assets incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change impacting the operation of property and equipment and intangible assets.

Warranty costs

We accrue product warranty costs in accrued liabilities to provide for the repair or replacement of defective products. Our accrual is based on an assessment of historical experience, product quality and management's estimates. If there is a change in these factors, we adjust our accrual accordingly.

Royalty obligations

Under certain license agreements we are committed to royalty payments based on the sales of products using certain technologies. We recognize royalty obligations as determinable in accordance with agreement terms. Where agreements are not finalized, we have recognized our current best estimate of the obligation in accrued liabilities and other long-term liabilities. When the agreements are finalized, the estimates are revised accordingly.

Contingencies

We are from time to time involved in litigation, certain other claims and arbitration matters arising in the ordinary course of our business. We accrue for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether an amount of a loss is reasonably estimable. These accruals are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and technical experts and other information and events pertaining to the particular matter. To the extent there is a reasonable possibility (within the meaning of ASC 450, *Contingencies*) that the losses could exceed the amounts already accrued, management believes that the amount of any such additional loss would not be material to our results of operations or financial condition.

In some instances, we are unable to reasonably estimate any potential loss or range of loss. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit will have on the company. There are many reasons why we cannot make these assessments, including, among others, one or more of the following: in the early stage of a proceeding, the claimant is not required to specifically identify the patent that has allegedly been infringed; damages sought that are unspecified, unsupportable, unexplained or uncertain; discovery not having been started or being incomplete; the complexity of the facts that are in dispute (e.g., once a patent is identified, the analysis of the patent and a comparison to our activities is a labour-intensive and highly technical process); the difficulty of assessing novel claims; the parties not having engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of patent litigation.

We are required to apply judgment with respect to any potential loss or range of loss in connection with litigation. While we believe we have meritorious defenses to the claims asserted against us in our currently outstanding litigation, and intend to defend ourselves vigorously in all cases, in light of the inherent uncertainties in litigation there can be no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by us for those cases for which an estimate can be made. Losses in connection with any litigation for which we are not presently able to reasonable estimate any potential loss or range of loss could be material to our results of operations and financial condition.

Stock-based compensation

We recognize stock-based compensation expense for all stock-based compensation awards based on the fair value at grant date. We recognize stock-based compensation expense for those shares expected to vest on a straight-line basis over the requisite service period of the award.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards requires subjective assumptions. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

Fair value measurement

We measure our short-term investments at fair value, defined as the price that would be received from selling an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements, we consider the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of non-performance.

An established fair value hierarchy requires the company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is both available and significant to the fair value measurement. Three levels of inputs may be used to measure fair value as detailed below.

- *Level 1* - Quoted prices in active markets for identical assets or liabilities.

- *Level 2* - Observable inputs other than quoted prices in active markets for identical assets and liabilities, such as quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- *Level 3* - Inputs that are generally unobservable and are supported by little or no market activity and that are significant to the fair value determination of the assets or liabilities.

The determination of fair value requires judgments, assumptions and estimates and may change over time.

OUTSTANDING SHARE DATA

As of the date of this MD&A, we had 32,121,578 common shares issued and outstanding, stock options exercisable into 1,533,163 common shares at a weighted average exercise price of $13.68 and 443,724 restricted treasury share units outstanding.

IMPACT OF ACCOUNTING PRONOUNCEMENTS AFFECTING CURRENT PERIOD

In September 2015, the FASB issued ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*. The update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The standard is effective for fiscal years beginning after December 15, 2015. Early application is permitted. We elected to early adopt this standard in the fourth quarter of 2015. During the fourth quarter of 2015, we made adjustments to the amounts previously recorded on the 2015 acquisitions of Wireless Maingate AB, Accel Networks LLC, and MobiquiThings SAS.

IMPACT OF ACCOUNTING PRONOUNCEMENTS AFFECTING FUTURE PERIODS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606). The update is intended to clarify the principles of recognizing revenue, and to develop a common revenue standard for U.S. GAAP and IFRS that would remove inconsistencies in revenue requirements, leading to improved comparability of revenue recognition practices across entities and industries. ASC 606 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for annual and interim financial statements for fiscal years beginning after December 15, 2017. Early application is permitted in fiscal years beginning after December 15, 2016. We are in the process of evaluating the impact of this update and cannot reasonably estimate the effect on our financial statements and business at this time.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance about management's responsibility in evaluating whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. Given our financial condition, we do not expect the update to have a significant impact on our disclosures.

In April 2015, the FASB issued ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. The update provides accounting guidance for customers with cloud computing arrangements. The standard is effective for interim and annual periods ending after December 15, 2015. Early application is permitted. This update does not have a material impact on our financial statements and business.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The update provides that an entity should measure inventory within the scope of the standard at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standard is effective for interim and annual periods ending after December 15, 2016 and applied prospectively. Early application is permitted. We do not expect this update to have a material impact on our financial statements and business.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The standard is effective for interim and annual periods ending after December 15, 2016. Early application is permitted. Other than the revised presentation of deferred tax liabilities and assets from current to noncurrent, we do not expect this update to have an impact on our financial statements and business.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update is to improve transparency and comparability among organizations by requiring lessees to recognize right-of-use assets and lease liabilities on the balance sheet and requiring additional disclosure about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2018. Early application is permitted. We are in the process of evaluating the impact of this update and cannot reasonably estimate the effect on our financial statements and business at this time.

DISCLOSURE CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures for the Company. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed with securities regulatory authorities is recorded, processed, summarized and reported within time periods specified in applicable securities regulations, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We conducted an evaluation of the effectiveness of our disclosure controls and procedures, which was carried out under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer, as of December 31, 2015. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2015 to ensure that information required to be disclosed by us in the reports we file or submit under applicable securities laws and regulations is recorded, processed, summarized, and reported within the time periods specified thereby.

We do not expect that our disclosure controls and procedures will prevent all errors and all fraud. Control procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedures are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. We considered these limitations during the development of our disclosure controls and procedures and will periodically re-evaluate them to ensure they provide reasonable assurance that such controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934 and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2015, based on the framework set forth in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its evaluation under this framework, management concluded that our internal control over financial reporting was effective as of that date.

KPMG LLP (“KPMG”), an independent registered public accounting firm, who audited and reported on our consolidated financial statements as at and for the year ended December 31, 2015, has issued an attestation report on our internal control over financial reporting as of December 31, 2015. Their attestation report is included with our consolidated financial statements.

There were no changes in our internal control over financial reporting during the year ended December 31, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

LEGAL PROCEEDINGS

In February 2015, a patent holding company, Wetro Lan, filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas, asserting patent infringement by us of one patent which expired in 2012. The lawsuit makes certain allegations concerning our AirLink router products which were sold prior to the patent’s expiry. The lawsuit was dismissed with prejudice in the fourth quarter of 2015 and did not have a material impact on our operating results.

On January 6, 2014, we received notice from the International Chamber of Commerce ("ICC") of arbitration proceedings launched by Nokia against us, for alleged unpaid royalties of approximately €32 million. On November 24, 2015, following a hearing, we received notice from the ICC of a decision in our favour in the proceedings.

In January 2012, a patent holding company, M2M Solutions LLC ("M2M"), filed a patent infringement lawsuit in the United States District Court for the District of Delaware asserting patent infringement by us and our competitors. The lawsuit makes certain allegations concerning the AirPrime embedded wireless module products, related AirLink products and related services sold by us for use in M2M communication applications. The claim construction order has determined one of the two patents-in-suit to be indefinite and therefore invalid. A motion for summary judgment of non-infringement and invalidity has been filed by us and a decision is currently pending. We anticipate that M2M will not proceed with its infringement case against us, but will eventually appeal the claim construction order. Trials against two other defendants in related cases involving the same patents are scheduled for March and April 2016, respectively. Any appeals from the claim construction order may follow the disposition of these trials. In August 2014, M2M filed a second patent infringement lawsuit against us in the same court with respect to a recently issued patent held by M2M, which patent is a continuation of one of the patents-in-suit in the original lawsuit filed against us by M2M. The lawsuit has been administratively closed pending the result of several

Inter Partes Review proceedings filed by us and the other defendants with the United States Patent and Trial Appeal Board (PTAB) in August and October of 2015. The PTAB has declined to institute proceedings in respect of the first two of these filings and has yet to make a determination on the remaining three filings, including ours.

Although there can be no assurance that an unfavorable outcome would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims made in the foregoing legal proceedings are without merit and intend to defend ourselves and our products vigorously in all cases.

IP Indemnification Claims

We have been notified by one or more of our customers in each of the following matters that we may have an obligation to indemnify them in respect of the products we supply to them:

In May 2013, a patent holding company, Adaptix, Inc., filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against one of our customers asserting patent infringement in relation to our customer's products, which may include certain LTE products which utilize modules sold to them by us. In March 2014, the lawsuit was transferred to the United States District Court for the Northern District of California. The lawsuit was dismissed with prejudice in June 2015 and we do not believe that this outcome will have a material adverse effect on our operating results. In June 2015, Adaptix filed amended complaints in the Eastern District of Texas against two carriers asserting patent infringement against them in relation to certain cellular communication devices sold by the carriers for use on their 4G LTE wireless networks, which products include certain products which may utilize modules sold to the original equipment manufacturer by us and certain AirCard products sold to the carriers by us prior to the transfer of the AirCard business to Netgear. The two cases have been consolidated and the claim construction hearing is scheduled for July 2016, with the first trial for the consolidated cases to occur in May 2017.

In February 2012, a patent holding company, Intellectual Ventures (comprised of Intellectual Ventures I LLC and Intellectual Ventures II LLC), filed a patent infringement lawsuit in the United States District Court for the District of Delaware against two of our customers asserting patent infringement in relation to several of our customer's products and services, including the mobile hotspots sold to them by us prior to the transfer of the AirCard business to Netgear. The lawsuit was split into several separate lawsuits and amended complaints were filed in October 2013. We are currently intervening in two of the cases in defense of our products with respect to one patent-in-suit alleged to relate to Wi-Fi standards. The lawsuits are in the discovery stage. A claim construction order was issued in March 2015.

A patent holding company, Eon Corp. IP Holdings, LLC ("Eon"), filed a patent infringement lawsuit against one of our customers in October 2010 in the United States District Court for the Eastern District of Texas, which was subsequently transferred to the United States District Court for the Northern District of California. The lawsuit involves assertions of patent infringement in relation to wireless modems sold to our customer by us prior to the transfer of the AirCard business to Netgear. A claim construction order was issued in July 2013, and the defendant's motion for summary judgment of non-infringement was granted by the Court in March 2014. In March 2015, this judgment was affirmed by the United States Court of Appeals for the Federal Circuit. Eon filed a patent litigation lawsuit against another of our former AirCard customers in January 2012 in the United States District Court for the District of Puerto Rico involving the same patent-in-suit in the California lawsuit plus three additional patents. This lawsuit was transferred in part to the District of Delaware with respect to claims related to one of the four patents-in-suit, which claims related to interactive television. The Delaware case has since been closed. The claim construction order in the Puerto Rico case was issued in April 2014. The case was closed in September 2014 following the filing of a joint notice of stipulation of dismissal without prejudice.

Although there can be no assurance that an unfavorable outcome would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims made in the foregoing legal proceedings are without merit and intend to defend ourselves and our products vigorously in all cases.

We are engaged in certain other claims, legal actions and arbitration matters, all in the ordinary course of business, and believe that the ultimate outcome of these claims, legal actions and arbitration matters will not have a material adverse effect on our operating results, liquidity or financial position.

RISKS AND UNCERTAINTIES

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. The risks and uncertainties described below are those which we currently believe to be material, and do not represent all of the risks that we face. Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the following risks actually occur, alone or in combination, our business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

Competition from new or established IoT, cloud services and wireless services companies or from those with greater resources may prevent us from increasing or maintaining our market share and could result in price reductions and/or loss of business with resulting reduced revenues and gross margins.

The market for IoT products and services is highly competitive and rapidly evolving. We have experienced and expect to continue to experience intense competition. More established and larger companies with strong brands and greater financial, technical and marketing resources or companies with different business models sell products and services that compete with ours and we expect this competition to intensify. Business combinations or strategic alliances by our competitors could weaken our competitive position. We may also introduce new products or services that will put us in direct competition with major new competitors. Existing or future competitors may be able to respond more quickly to technological developments and changes and introduce new products before we do or may independently develop and patent technologies and products that are superior to ours or achieve greater acceptance due to factors such as more favorable pricing, more desired or better quality features or more efficient sales channels. If we are unable to compete effectively with our competitors' pricing strategies, technological advances and other initiatives, we may lose customer orders and market share and we may need to reduce the price of our products, resulting in reduced revenue and reduced gross margins. In addition, new market entrants or alliances between customers and suppliers could emerge to disrupt the markets in which we operate through disintermediation of our modules business or other means. There can be no assurance that we will be able to compete successfully and withstand competitive pressures.

Acquisitions and divestitures of businesses or technologies may result in disruptions to our business or may not achieve the anticipated benefits.

The growth of our Company through the successful acquisition and integration of complementary businesses is an important component of our business strategy. For example, on January 16, 2015 we completed the acquisition of Maingate, on June 18, 2015 we completed the acquisition of substantially all of the assets of Accel and on September 2, 2015 we completed the acquisition of all of the outstanding shares of MobiquiThings. We continue to seek opportunities to acquire or invest in businesses, products and technologies that expand, complement or otherwise relate to our business. Any acquisitions, investments or business combinations by us may be accompanied by risks commonly encountered including, but not limited to, the following:

- exposure to unknown liabilities or risks of acquired companies, including unknown litigation related to acts or omissions of an acquired company and/or its directors and officers prior to the acquisition, deficiencies in disclosure controls and procedures of the acquired company and deficiencies in internal controls over financial reporting of the acquired company;
- higher than anticipated acquisition and integration costs and expenses;
- the difficulty and expense of integrating the operations and personnel of the acquired companies;
- use of cash to support the operations of an acquired business;

- increased foreign exchange translation risk depending on the currency denomination of the revenue and expenses of the acquired business;
- disruption of, and demands on, our ongoing business as a result of integration activities including diversion of management's time and attention from the ongoing business;
- failure to maximize our financial and strategic position by the successful incorporation of acquired technology;
- the inability to implement uniform standards, disclosure controls and procedures, internal controls over financial reporting and other procedures and policies in a timely manner;
- the potential loss of key employees and customers;
- decrease in our share price if the market perceives that an acquisition does not fit our strategy, the price paid is excessive in light of other similar transactions or that the terms of the acquisition are not favorable to our earnings growth;
- litigation and settlement costs if shareholders bring lawsuits triggered by acquisition or divestiture activities;
- decrease in our share price, if, as a result of our acquisition strategy or growth, we decide to raise additional capital through an offering of securities; and
- dilution to our shareholders if the purchase price is paid in common shares or securities convertible into common shares.

In addition, geographic distances and cultural differences may make integration of businesses more difficult. We may not be successful in overcoming these risks or any other problems encountered in connection with any acquisitions. If realized, these risks could reduce shareholder value.

As business circumstances dictate,we may also decide to divest assets, technologies or businesses. For example, on April 2, 2013 we completed the sale of our AirCard business to NetGear, Inc. In a divestiture, we may not be successful in identifying or managing the risks commonly encountered, including: 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. We may not be successful in overcoming these risks or any other problems encountered in connection with a divestiture of assets, technologies or businesses which, if realized, could reduce shareholder value.

In addition, we may be unsuccessful at bringing to conclusion proposed transactions. Negotiations and closing activities of transactions are complex functions subject to numerous unforeseen events that may impede the speed at which a transaction is closed or even prevent a transaction from closing. Failure to conclude transactions in an efficient manner may prevent us from advancing other opportunities or introduce unanticipated transition costs.

The loss of any of our significant customers could adversely affect our revenue and profitability, and therefore shareholder value.

We sell our products to OEM's, enterprises, distributors, resellers and network operators, and we are occasionally party to sales agreements with customers comprising a significant portion of our revenue. Accordingly, our business and future success depends on our ability to maintain and build on existing relationships and develop new relationships with OEMs, enterprises, distributors, resellers and network operators. If certain of our significant customers, for any reason, discontinues their relationship with us or reduces or postpones current or expected purchase orders for products, or suffers from business loss, our revenues and profitability could decline materially.

In addition, our current customers purchase our products under purchase orders. Our customers have no contractual obligation to continue to purchase our products following our fulfillment of current purchase orders and if they do not continue to make purchases, our revenue and our profitability could decline materially.

Cyber attacks or other breaches of information technology security could have an adverse impact on our business.

We rely on certain internal processes, infrastructure and information technology systems to efficiently operate our business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact our ability to operate our business. In particular, our cloud and connectivity services depend on very high levels of network reliability and availability in order to provide our customers with the ability to continuously monitor and receive data from their devices.

Cyber attacks or other breaches of network or IT systems security may cause disruptions to our operations including the ability to provide device management and other cloud-based services to our customers. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to our reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing and our security measures may not be sufficient to prevent the damage that such threats can inflict on our assets and information. Our insurance may not be adequate to fully reimburse us for these costs and losses.

We may be found to infringe on the intellectual property rights of others.

The industry has many participants that own, or claim to own, proprietary intellectual property. We license technology, intellectual property and software from third parties for use in our products and may be required to license additional technology, intellectual property and software in the future. In some cases, these licenses provide us with certain pass-through rights for the use of other third party intellectual property. There is no assurance that we will be able to maintain our third party licenses or obtain new licenses when required and this inability could materially adversely affect our business and operating results and the quality and functionality of our products.

In the past we have received, and in the future we are likely to continue to receive, assertions or claims from third parties alleging that our products violate or infringe their intellectual property rights. We may be subject to these claims directly or through indemnities against these claims which we have provided to certain customers and other third parties. Our component suppliers and technology licensors do not typically indemnify us against these claims and therefore we do not have recourse against them in the event a claim is asserted against us or a customer we have indemnified. This potential liability, if realized, could materially adversely affect our operating results and financial condition.

Activity in this area by third parties, particularly those with tenuous claims, is increasing, resulting in us taking a more aggressive defensive approach, which may result in increased litigation. In the last few years, patent claims have been brought against us by third parties whose primary (or sole) business purpose is to acquire patents and other intellectual property rights, and not to manufacture and sell products and services. These entities aggressively pursue patent litigation, resulting in increased litigation costs for us. We expect that this recent development will continue for the foreseeable future. Infringement of intellectual property can be difficult to verify and litigation may be necessary to establish whether or not we have infringed the intellectual property rights of others. In many cases, these third parties are companies with substantially greater resources than us, and they may choose to pursue complex litigation to a greater degree than we could. Regardless of whether these infringement claims have merit or not, we may be subject to the following:

- we may be found to be liable for potentially substantial damages, liabilities and litigation costs, including attorneys' fees;
- we may be prohibited from further use of intellectual property as a result of an injunction and may be required to cease selling our products that are subject to the claim;

- we may have to license third party intellectual property, incurring royalty fees that may or may not be on commercially reasonable terms; in addition, there is no assurance that we will be able to successfully negotiate and obtain such a license from the third party;
- we may have to develop a non-infringing alternative, which could be costly and delay or result in the loss of sales; in addition, there is no assurance that we will be able to develop such a non-infringing alternative;
- management attention and resources may be diverted;
- our relationships with customers may be adversely affected; and
- we may be required to indemnify our customers for certain costs and damages they incur in such a claim.

In addition to potentially being found to be liable for substantial damages in the event of an unfavorable outcome in such a claim and our inability to either obtain a license from the third party on commercial terms or develop a non-infringing alternative, our business, operating results and financial condition may be materially adversely affected and we may have to cease the sale of certain products and restructure our business.

Misappropriation of our intellectual property could place us at a competitive disadvantage.

Our intellectual property is important to our success. We rely on a combination of patent protection, copyrights, trademarks, trade secrets, licenses, non-disclosure agreements and other contractual agreements to protect our intellectual property. Third parties may attempt to copy aspects of our products and technology or obtain information we regard as proprietary without our authorization. If we are unable to protect our intellectual property against unauthorized use by others it could have an adverse effect on our competitive position. Our strategies to deter misappropriation could be inadequate due to the following risks:

- non-recognition of the proprietary nature or inadequate protection of our methodologies in the United States, Canada, France or other foreign countries;
- undetected misappropriation of our intellectual property;
- the substantial legal and other costs of protecting and enforcing our rights in our intellectual property; and
- development of similar technologies by our competitors.

In addition, we could be required to spend significant funds and management resources could be diverted in order to defend our rights, which could disrupt our operations.

We may be unable to attract or retain key personnel which may harm our ability to compete effectively.

Our success depends in large part on the abilities and experience of our executive officers and other key employees. The loss of key employees or deterioration in overall employee morale and engagement as a result of organizational change could have an adverse impact on our growth, operations and profitability.

Competition for highly skilled management, technical, research and development and other key employees is intense in the wireless communications industry. We may not be able to retain our current executive officers or key employees and may not be able to hire and transition in a timely manner experienced and highly qualified additional executive officers and key employees as needed to achieve our business objectives. We do not have fixed-term employment agreements with our key personnel. The loss of executive officers and key employees could disrupt our operations and our ability to compete effectively could be adversely affected.

We may have difficulty responding to changing technology, industry standards and customer requirements, and therefore be unable to develop new products or services in a timely manner which meet the needs of our customers.

The wireless communications industry is subject to rapid technological change, including evolving industry standards, frequent new product inventions, constant improvements in performance characteristics and short product life cycles. Our business and future success will depend, in part, on our ability to accurately predict and anticipate evolving wireless technology standards and develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end-user preferences and requirements. Our products embody complex technology that may not meet those standards, preferences and requirements. Our ability to design, develop and commercially launch new products depends on a number of factors including, but not limited to, the following:

- our ability to design and manufacture products or implement solutions and services at an acceptable cost and quality;
- our ability to attract and retain skilled technical employees;
- the availability of critical components from third parties;
- our ability to successfully complete the development of products in a timely manner; and
- the ability of third parties to complete and deliver on outsourced product development engagements.

A failure by us, or our suppliers, in any of these areas or a failure of new products or services to obtain commercial acceptance, could mean we receive less revenue than we anticipate and we may be unable to recover our research and development expenses.

We develop products to meet our customers' requirements. OEM customers award design wins for the integration of wide area embedded wireless modules on a platform by platform basis. Current design wins do not guarantee future design wins. If we are unable or choose not to meet our customers' needs, we may not win their future business and our revenue and profitability may decrease.

In addition, wireless communications service providers require that wireless data systems deployed on their networks comply with their own standards, which may differ from the standards of other providers. We may be unable to successfully address these developments on a timely basis or at all. Our failure to respond quickly and cost-effectively to new developments through the development of new products or enhancements to existing products could cause us to be unable to recover significant research and development expenses and reduce our revenues.

Our financial results are subject to fluctuations that could have a material adverse effect on our business and that could affect the market price of our common shares.

Our revenue, gross margin, operating earnings and net earnings may vary from quarter-to-quarter and could be significantly impacted by a number of factors, including but not limited to the following:

- price and product competition which may result in lower selling prices for some of our products or lost market share;
- price and demand pressure on our products from our customers as they experience pressure in their businesses;
- demand fluctuation based on the success of our customers in selling their products and solutions which incorporate our wireless products and software;
- development and timing of the introduction of our new products including the timing of sales orders, OEM and distributor customer sell through and design win cycles in our embedded wireless module business;
- transition periods associated with the migration to new technologies;
- potential commoditization and saturation in certain markets;
- our ability to accurately forecast demand in order to properly align the purchase of components and the appropriate level of manufacturing capability;
- product mix of our sales (our products have different gross margins — for example the embedded wireless module product line has lower gross margins than the higher margin rugged mobile product line);
- possible delays or shortages in component supplies;
- possible delays in the manufacture or shipment of current or new products;

- possible product quality or factory yield issues that may increase our cost of goods sold;
- concentration in our customer base;
- seasonality in demand;
- amount of inventory held by our channel partners;
- possible fluctuations in certain foreign currencies relative to the U.S. dollar that may affect foreign denominated revenue, cost of goods sold and operating expenses;
- impairment of our goodwill or intangible assets which may result in a significant charge to earnings in the period in which an impairment is determined;
- achievement of milestones related to our professional services contracts; and
- operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business.

Any of the factors listed above could cause significant variations in our revenues, gross margin and earnings in any given quarter. Therefore, our quarterly results are not necessarily indicative of our overall business, results of operations, and financial condition.

Quarterly variations in operating results or any of the other factors listed above, changes in financial estimates by securities analysts, or other events or factors may result in wide fluctuations in the market price of our common shares. Broad market fluctuations or any failure of our operating results in a particular quarter to meet market expectations may adversely affect the market price of our common shares.

Continued difficult or uncertain global economic conditions could adversely affect our operating results and financial condition.

A significant portion of our business is in the United States, Europe and the Asia-Pacific region and we are particularly exposed to the downturns and current uncertainties that impact the wireless communications industry in those economies. Economic uncertainty may cause an increased level of commercial and consumer delinquencies, lack of consumer confidence resulting in delayed purchases or reduced volumes by our customers, credit tightening by lenders, increased market volatility and widespread reduction of business activity generally. To the extent that we experience further economic uncertainty, or deterioration in one of our large markets in the United States, Europe or the Asia-Pacific region, the resulting economic pressure on our customers may cause them to end their relationship with us, reduce or postpone current or expected orders for our products or services, or suffer from business failure, resulting in a material adverse impact to our revenues, profitability, cash flow and bad debt expense.

It is difficult to estimate or project the level of economic activity, including economic growth, in the markets we serve. As our budgeting and forecasting is based on the demand for our products and services, these economic uncertainties result in it being difficult for us to estimate future revenue and expenses.

We have been subject to certain class action lawsuits, and may in the future be subject to class action or derivative action lawsuits, which if decided against us, could require us to pay substantial judgments, settlements or other penalties.

In addition to being subject to litigation in the ordinary course of business, in the future, we may be subject to class actions, derivative actions and other securities litigation and investigations. We expect that this type of litigation will be time consuming, expensive and will distract us from the conduct of our daily business. It is possible that we will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on our operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which include substantial fees of lawyers and other professional advisors and our obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect our reputation, operating results, liquidity or financial position. Furthermore, we do not know with certainty if any of this type of litigation and resulting expenses will be fully or even partially covered by our insurance. In addition, these lawsuits may cause our insurance premiums to increase in future periods.

Failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects or other quality issues that may result in product liability claims and product recalls could lead to unanticipated costs or otherwise harm our business.

Our products are comprised of hardware and software that is technologically complex and we are reliant on third parties to provide important components for our products. It is possible that our products may contain undetected errors or defects, especially when introduced or when new versions are released. As a result, our products may be rejected by our customers leading to loss of business, loss of revenue, additional development and customer service costs, unanticipated warranty claims, payment of monetary damages under contractual provisions and damage to our reputation.

We depend on a limited number of third parties to manufacture our products. If they do not manufacture our products properly or cannot meet our needs in a timely manner, we may be unable to fulfill our product delivery obligations and our costs may increase, and our revenue and margins could decrease.

We outsource the manufacturing of our products to several contract manufacturers and depend on these manufacturers to meet our needs in a timely and satisfactory manner at a reasonable cost. Third party manufacturers, or other third parties to which such third party manufacturers in turn outsource our manufacturing requirements, may not be able to satisfy our manufacturing requirements on a timely basis, including by failing to meet scheduled production and delivery deadlines or to meet our product quality requirements or the product quality requirements of our customers. Insufficient supply or an interruption or stoppage of supply from such third party manufacturers or our inability to obtain additional or substitute manufacturers when and if needed, and on a cost-effective basis, could have a material adverse effect on our business, results of operations and financial condition. Our reliance on third party manufacturers subjects us to a number of risks, including but not limited to the following:

- potential business interruption due to unexpected events such as natural disasters, labor unrest or geopolitical events;
- the absence of guaranteed or adequate manufacturing capacity;
- potential violations of laws and regulations by our manufacturers that may subject us to additional costs for duties, monetary penalties, seizure and loss of our products or loss of our import privileges, and damage to our reputation;
- reduced control over delivery schedules, production levels, manufacturing yields, costs and product quality;
- the inability of our contract manufacturers to secure adequate volumes of components in a timely manner at a reasonable cost; and
- unexpected increases in manufacturing costs.

If we are unable to successfully manage any of these risks or to locate alternative or additional manufacturers or suppliers in a timely and cost-effective manner, we may not be able to deliver products in a timely manner. In addition, our results of operations could be harmed by increased costs, reduced revenues and reduced margins.

Under our manufacturing agreements, in many cases we are required to place binding purchase orders with our manufacturers well in advance of our receipt of binding purchase orders from our customers. In this situation, we consider our customers' good faith, non-binding forecasts of demand for our products. As a result, if the number of actual products ordered by our customers is materially different from the number of products we have instructed our manufacturer to build (and to purchase components in respect of), then, if too many components have been purchased by our manufacturer, we may be required to purchase such excess component inventory, or, if an insufficient number of components have been purchased by our manufacturer, we may not be in a position to meet all of our customers' requirements. If we are unable to successfully manage our inventory levels and respond to our customers' purchase orders based on their forecasted quantities, our business, operating results and financial condition could be adversely affected.

We depend on single source suppliers for some components used in our products and if these suppliers are unable to meet our demand, the delivery of our products to our customers may be interrupted.

From time to time, certain components used in our products have been, and may continue to be, in short supply. Such shortages in allocation of components may result in a delay in filling orders from our customers, which may adversely affect our business. In addition, our products are comprised of components some of which are procured from single source suppliers, including where we have licensed certain software embedded in a component. Our single source suppliers may experience damage or interruption in their operations due to unforeseen events, become insolvent or bankrupt, or experience claims of infringement, all of which could delay or stop their shipment of components to us, which may adversely affect our business, operating results and financial condition. If there is a shortage of any such components and we cannot obtain an appropriate substitute from an alternate supplier of components, we may not be able to deliver sufficient quantities of our products to our customers. If such shortages occur, we may lose business or customers and our operating results and financial condition may be materially adversely affected.

We depend on wireless network carriers to promote and offer acceptable wireless data services.

Our products and our wireless connectivity services can only be used over wireless data networks operated by third parties. Our business and future growth depends, in part, on the successful deployment by network carriers of next generation wireless data and networks and appropriate pricing of wireless data services. We also depend on successful strategic relationships with our network carrier partners and our operating results and financial condition could be harmed if they increase the price of their services or experience operational issues with their networks.

Contractual disputes could have a material adverse effect on our business.

Our business is exposed to the risk of contractual disputes with counterparties and as a result we may be involved in complaints, claims and litigation. We cannot predict the outcome of any complaint, claim or litigation. If a dispute cannot be resolved favorably, it may delay or interrupt our operations and may have a material adverse effect on our operating results, liquidity or financial position.

Government regulations could result in increased costs and inability to sell our products.

Our products are subject to certain mandatory regulatory approvals in the United States, Canada, the European Union, the Asia-Pacific region and other regions in which we operate. For example, in the United States the Federal Communications Commission regulates many aspects of communications devices. In Canada, similar regulations are administered by the Ministry of Industry, through Industry Canada. European Union directives provide comparable regulatory guidance in Europe. Although we have obtained all the necessary Federal Communications Commission, Industry Canada and other required approvals for the products we currently sell, we may not receive approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change or we may not be able to receive regulatory approvals from countries in which we may desire to sell products in the future. If we fail to comply with the applicable regulatory requirements, we may be subject to regulatory and civil liability, additional costs (including fines), reputational harm, and in severe cases, prevented from selling our products in certain jurisdictions.

We may also incur additional expenses or experience difficulties selling our products associated with complying with the SEC rules and reporting requirements related to conflict minerals. In August 2012, the SEC adopted new disclosure requirements implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010 for manufacturers of products containing certain minerals that may originate from the Democratic Republic of Congo and adjoining countries. As a result, since 2013 we have been required to conduct certain country of origin and due diligence procedures in order to meet the SEC reporting requirements. The impact of the regulations may limit the sourcing and availability, or may increase the costs, of some of the metals used in the manufacture of our products. Also, since our supply chain is complex, we may be unable to sufficiently verify the origins for all metals used in our products through our supplier due diligence procedures.

The transmission, use and disclosure of user data and personal information could give rise to liabilities or additional costs as a result of laws, governmental regulations and carrier and other customer requirements or differing views of personal privacy rights.

Our products are used to transmit a large volume of data, including personal information. This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world that is intended to protect the privacy and security of personal information as well as the collection, storage, transmission, use and disclosure of such information.

The interpretation of privacy and data protection laws in a number of jurisdictions is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. In addition, because our products are sold and used worldwide, certain foreign jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees, or infrastructure.

We could be adversely affected if legislation or regulations are expanded to require changes in our products or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their legislation or regulations in ways that negatively affect our business or if end users allege that their personal information was misappropriated as a result of a defect or vulnerability in our products. If we are required to allocate significant resources to modify our products or our existing security procedures for the personal information that our products transmit, our business, results of operations and financial condition may be adversely affected.

We are subject to risks inherent in foreign operations.

Sales outside North America represented approximately 69% of our revenue in 2015 and approximately 73% of our revenue in both fiscal 2014 and 2013. We maintain offices in a number of foreign jurisdictions. We have limited experience conducting business in some of the jurisdictions outside North America and we may not be aware of all the factors that may affect our business in foreign jurisdictions. We are subject to a number of risks associated with our international business operations that may increase liabilities, costs, lengthen sales cycles and require significant management attention. These risks include:

- compliance with the laws of the United States, Canada and other countries that apply to our international operations, including import and export legislation, lawful access and privacy laws;
- compliance with existing and emerging anti-corruption laws, including the Foreign Corrupt Practices Act of the United States, the *Corruption of Foreign Public Officials Act* of Canada and the UK Bribery Act;
- increased reliance on third parties to establish and maintain foreign operations;
- the complexities and expense of administering a business abroad;
- complications in compliance with, and unexpected changes in, foreign regulatory requirements, including requirements relating to content filtering and requests from law enforcement authorities;
- trading and investment policies;
- consumer protection laws that impose additional obligations on us or restrict our ability to provide limited warranty protection;

- instability in economic or political conditions, including inflation, recession and actual or anticipated military conflicts, social upheaval or political uncertainty;
- foreign currency fluctuations;
- foreign exchange controls and cash repatriation restrictions;
- tariffs and other trade barriers;
- difficulties in collecting accounts receivable;
- potential adverse tax consequences;
- uncertainties of laws and enforcement relating to the protection of intellectual property or secured technology;
- litigation in foreign court systems;
- cultural and language differences;
- difficulty in managing a geographically dispersed workforce in compliance with local laws and customs that vary from country to country; and
- other factors, depending upon the country involved.

There can be no assurance the policies and procedures implemented by us to address or mitigate these risks will be successful, that our personnel will comply with them or that we will not experience these factors in the future or that they will not have a material adverse effect on our business, results of operations and financial condition.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Sierra Wireless, Inc.

We consent to the use of our reports, each dated February 29, 2016, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this annual report on Form 40-F.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 333-147872) on Form S-8 of Sierra Wireless, Inc.

"KPMG LLP"

Chartered Professional Accountants

Vancouver, Canada
March 1, 2016

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jason W. Cohenour, certify that:

1. I have reviewed this annual report on Form 40-F of Sierra Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting; and
5. The issuer’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date: March 1, 2016

/s/ Jason W. Cohenour
Jason W. Cohenour
Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David G. McLennan, certify that:

1. I have reviewed this annual report on Form 40-F of Sierra Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 1, 2016

/s/ David G. McLennan
David G. McLennan
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sierra Wireless, Inc. (the “Corporation”) on Form 40-F for the fiscal year ending December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jason W. Cohenour, Chief Executive Officer of the Corporation, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Richmond, British Columbia, Canada this March 1, 2016.

/s/ Jason W. Cohenour

Jason W. Cohenour

Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sierra Wireless, Inc. (the “Corporation”) on Form 40-F for the fiscal year ending December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David G. McLennan, Chief Financial Officer of the Corporation, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Richmond, British Columbia, Canada this March 1, 2016.

/s/ David G. McLennan
David G. McLennan
Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.