



Reconciliation of Q2 2021 GAAP to Non-GAAP Results

August 12, 2021



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of August 12, 2021, we are providing additional non-material information regarding our reconciliation of Q2 2021 GAAP to non-GAAP results.

Our consolidated financial statements are prepared in accordance with U.S. GAAP on a basis consistent for all periods presented. The results of operations of our automotive business are reported as discontinued operations. In addition to results reported in accordance with U.S. GAAP, we use non-GAAP financial measures as supplemental indicators of our operating performance. The term “non-GAAP financial measure” is used to refer to a numerical measure of a company’s historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company’s statement of earnings, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We refer to gross margin, operating expenses, earnings (loss) from operations, net earnings (loss) from continuing operations and net earnings (loss) per share from continuing operations adjusted for specific items that affect comparability as non-GAAP gross margin, non-GAAP operating expenses, non-GAAP earnings (loss) from operations, non-GAAP net earnings (loss) from continuing operations, non-GAAP diluted net earnings (loss) per share from continuing operations, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), respectively. We disclose non-GAAP amounts as we believe that these measures provide better information on actual operating results and assist in comparisons from one period to another.

Readers are cautioned that non-GAAP financial measures do not have any standardized meaning prescribed by U.S. GAAP and therefore may not be comparable to similar measures presented by other companies.

Q2 2021 Reconciliation of GAAP to Non-GAAP Results

In thousands of U.S. dollars, except earnings per share	GAAP Q2 2021										Non GAAP Q2 2021
		Purchase Price Amortization	Restructuring, Integration, Acquisition & Other	CEO Retirement/ Search	CEWS & COVID-19 Relief	Stock Compensation & Related Social Taxes	Phantom RSU Expense	Foreign Exchange Gain (Loss)	Allocation of Realized Gain (Loss) on Hedge Contracts	Ransomware Incident	
Revenue	132,785										132,785
Cost of sales	86,554	-	-	-	(14)	80	14	-	5	-	86,469
Gross margin	46,231	-	-		14	(80)	(14)	-	(5)		46,316
GM %	34.8%										34.9%
Sales and marketing	21,423	-	-	-	(249)	976	291	-	69	-	20,336
Research and development	16,930	64	-	-	(569)	839	180	-	167	-	16,249
Administration	11,025	-	521	400	(184)	1,912	84	-	81	-	8,211
Restructuring	1,720	-	1,720	-	-	-	-	-	-	-	-
Acquisition-related and Integration	72	-	72	-	-	-	-	-	-	-	-
Amortization	4,389	2,826	-	-	-	-	-	-	-	-	1,563
Total Operating Expenses	55,559	2,890	2,313	400	(1,002)	3,727	555	-	317		46,359
Earnings (loss) from operations	(9,328)	(2,890)	(2,313)	(400)	1,016	(3,807)	(569)	-	(322)		(43)
Foreign exchange gain (loss)	1,143	-	-	-	-	-	-	821	322	-	-
Other income (expense)	(1,246)	-	-	-	-	-	-	-	-	(1,135)	(111)
Total other income (loss)	(103)	-	-	-	-	-	-	821	322	(1,135)	(111)
Earnings (loss) before income taxes	(9,431)	(2,890)	(2,313)	(400)	1,016	(3,807)	(569)	821	-	(1,135)	(154)
Income tax expense (recovery)	605	(179)	(89)	-	-	-	(71)	(18)	-	-	962
Net earnings (loss) from continuing operations	(10,036)	(2,711)	(2,224)	(400)	1,016	(3,807)	(498)	839	-	(1,135)	(1,116)
Basic and diluted net earnings (loss) per share from continuing operations (in dollars)	(0.27)										(0.03)
Weighted average number of basic and diluted shares	36,992										36,992
Adjusted EBITDA	N/A										4,334