



## Sierra Wireless Reports Third Quarter 2022 Results

**Revenue in Q3'22 was \$166.1 million and Adjusted EBITDA was \$15.4 million**

VANCOUVER, BRITISH COLUMBIA - November 10, 2022 - Sierra Wireless, Inc. (NASDAQ: SWIR) (TSX: SW) reported results for its third quarter of 2022. All results are reported in U.S. dollars and are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP" or "GAAP"), except as otherwise indicated below.<sup>1</sup>

### Third Quarter 2022 Compared to Third Quarter 2021

- Revenue was \$166.1 million, an increase of 101.4% compared to the third quarter of 2021. The increase was primarily due to strong demand and the realization of investments in inventory to combat the ongoing supply chain tightness. Revenues in the comparative period were also impacted by manufacturing capacity constraints in Vietnam as a result of COVID-19 related restrictions.
- Gross margin was 34.1% as compared to 29.3% in the third quarter of 2021. Gross margin increased due to price increases and the comparative period was negatively impacted by costs resulting from the manufacturing capacity constraints in Vietnam caused by COVID-19.
- Operating expenses were \$61.2 million compared to \$61.4 million in the third quarter of 2021. Third quarter operating expenses included \$10.1 million related to the Transaction, as discussed below. Operating expenses in the comparative period included an impairment charge of \$11.5 million.
- Net loss from continuing operations was \$10.3 million, compared to \$38.4 million in the third quarter of 2021.
- Adjusted earnings from continuing operations\* was \$10.0 million, or earnings of \$0.25 per share, as compared to a loss of \$20.7 million, or loss of \$0.56 per share in the third quarter of 2021.
- Adjusted EBITDA\* was \$15.4 million compared to a loss of \$15.0 million in the third quarter of 2021.
- Connectivity, software, and services revenue was \$29.0 million, a decrease of 17.8% compared to the third quarter of 2021. This decrease was due to the sale of the Omnilink offender monitoring business in the second quarter of 2022, the impact of the shutdown of 2G/3G networks in the United States on our home security business, and the impact of the wind down of 2G/3G networks in Sweden on our enhanced carrier connectivity service lines.
- On October 21, 2022, we signed a definitive agreement and closed the sale of our legacy home security business for gross proceeds of \$7.6 million in cash.
- Monthly recurring revenue ("MRR")<sup>2, 3</sup> was \$8.7 million in September 2022 compared to \$9.3 million in September 2021. The decrease is primarily due to the impact of the wind down of 2G/3G networks in Sweden on our enhanced carrier connectivity service lines.

### Segmented Information

#### IoT Solutions

Revenue from IoT Solutions increased 124.2% to \$120.3 million as compared to \$53.7 million in the third quarter of 2021. The increase was primarily due to strong demand for connected devices globally and the realization of investments in inventory to combat the ongoing supply chain tightness. Increase in demand includes acceleration in IoT modules deployment across our industrial customers. In addition, revenues in the comparative period were negatively impacted by manufacturing capacity constraints in Vietnam caused by COVID-19. IoT Solutions gross margin was 29.1%, compared to 19.9% in the third quarter of 2021. The increase in gross margin was due to price

increases and improved absorption of fixed costs from increased volume, partially offset by product mix. Gross margin in the comparative period was also negatively impacted by costs resulting from the manufacturing capacity constraints in Vietnam caused by COVID-19.

### **Enterprise Solutions**

Revenue from Enterprise Solutions increased 59.0% to \$45.8 million as compared to \$28.8 million in the third quarter of 2021. The increase was due to strong demand for routers in our key industrial and public safety verticals, partially offset by a decline in connectivity, software, and services revenue resulting from the sale of the Omnilink offender monitoring business in the second quarter of 2022 and the impact of the shutdown of 2G/3G networks in the United States on our home security business. In addition, revenues in the comparative period were negatively impacted by manufacturing capacity constraints in Vietnam. Enterprise Solutions gross margin was 47.3%, similar to gross margin of 46.8% in the third quarter of 2021.

### **Liquidity and Capital Resources**

Cash and cash equivalents and restricted cash at the end of the third quarter of 2022 were \$126.0 million, a decrease of \$1.4 million from the second quarter of 2022.

### **Acquisition by Semtech Corporation**

On August 2, 2022, we entered into a definitive agreement (the "Arrangement Agreement") with Semtech Corporation and a subsidiary of Semtech Corporation (the "Purchaser") pursuant to which the Purchaser will acquire all of the issued and outstanding shares of Sierra Wireless (the "Transaction"). Under the terms of the Transaction, Sierra Wireless shareholders will receive \$31 in cash per share (in U.S. dollars).

The Transaction, which is not subject to any financing conditions, is to be carried out by way of a court-approved plan of arrangement under the Canada Business Corporations Act. On September 27, 2022, at a special meeting, Sierra Wireless securityholders approved the Transaction. On September 29, 2022, the Supreme Court of British Columbia approved the plan of arrangement. On October 3, 2022, the Purchaser received a no action letter from the Canadian Competition Bureau, satisfying the Canadian Competition Act approval condition to closing the Transaction. The Transaction remains subject to regulatory approval under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. On October 18, 2022, we announced that the Company and the Purchaser each received a request for additional information and documentary material (commonly known as a "second request") from the U.S. Department of Justice in connection with the Transaction. The second requests were issued under notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The outside date for closing the Transaction provided under the Arrangement Agreement, inclusive of extensions, is March 3, 2023, unless extended further by mutual agreement of the parties.

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<sup>1</sup> Non-GAAP financial measures referred to in this news release are labeled as "non-GAAP measure" or designated as such with an asterisk (\*). Please see "Non-GAAP Financial Measures" for explanations of why the Company uses these non-GAAP measures and "Reconciliation of GAAP and Non-GAAP Results by Quarter" for reconciliation to the most comparable GAAP financial measures.

<sup>2</sup> MRR is defined as the monthly recurring revenue generated from connectivity, software, and services as well as usage fees from current customers. We continue to monitor MRR as a measure of performance in our recurring revenue. MRR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. MRR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace either of those items. MRR is not a forecast.

<sup>3</sup> With the sale of our Omnilink offender monitoring business in the second quarter of 2022 and our home security business in October of 2022, revenues from these businesses have been excluded from MRR for the current and prior periods.

<sup>4</sup> In accordance with U.S. GAAP, the results of operations of the Automotive Business are reported as discontinued operations in our consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2022 and 2021.

## 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 included in this press release are adjusted earnings (loss) from continuing operations\*, basic and diluted adjusted earnings (loss) per share from continuing operations\* and adjusted EBITDA\* (earnings before interest, taxes, depreciation and amortization).

Adjusted earnings (loss) from continuing operations\* excludes the impact of stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, government grants related to COVID-19 relief, CEO retirement/search, impairment, gain on sale of Omnilink, the ransomware incident, COVID-19 factory constraint incremental costs, transaction costs, certain other non-recurring costs or recoveries, acquisition-related amortization, the impact of foreign exchange gains or losses on translation of certain balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts, recognition of cumulative translation adjustments on dissolution of subsidiaries, and certain tax adjustments.

Adjusted EBITDA\* is defined as net earnings (loss) from continuing operations plus stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, government grants related to COVID-19 relief, CEO retirement/search, impairment, gain on sale of Omnilink, the ransomware incident, COVID-19 factory constraint incremental costs, transaction costs, certain other non-recurring costs or recoveries, amortization, interest and other income (expense), foreign exchange gains or losses on translation of certain balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts, recognition of cumulative translation adjustments on dissolution of subsidiaries, and income tax expense (recovery). Adjusted EBITDA\* is a metric used by investors and analysts for valuation purposes and 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.

We use the above-noted non-GAAP financial measures for planning purposes and to allow us to assess the performance of our business before including the impacts of the items noted above as they affect the comparability of our financial results. These non-GAAP measures are reviewed regularly by management and the Board of Directors as part of the ongoing internal assessment of our operating performance.

We disclose these non-GAAP financial measures as we believe they provide useful information to investors and analysts to assist them in their evaluation of our operating results 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.

**Media contact and investor contact details**

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## Cautionary Note Regarding Forward-Looking Statements

*This press release 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 (collectively, "forward-looking statements") and may include statements and information relating to, among others, the consummation of the Transaction and the expected timing thereof, the synergies and other benefits to be realized if the Transaction is consummated; the termination of our credit facilities upon the consummation of the Transaction; our expectations regarding customer demand, our supply chain, manufacturing capacity (including manufacturing shutdowns or slowdowns) and the potential impact of COVID-19 in these areas; our ability to meet customer demand and our financial results; expectations regarding post-COVID-19 recovery; expectations regarding the Company's cost savings initiatives; statements regarding our strategy, plans, goals, objectives, expectations and future operating performance; the Company's liquidity and capital resources; the Company's financial and operating objectives and strategies to achieve them; our work to review and evaluate additional security measures and the ability that they will have to protect our IT systems; general economic conditions; estimates of our expenses, future revenues, financial results and capital requirements; our expectations regarding the legal proceedings we are involved in; statements with respect to the Company's estimated working capital; expectations with respect to the adoption of Internet of Things ("IoT") solutions; expectations regarding trends and growth in the IoT market and wireless module market; expectations regarding product and price competition from other wireless device manufacturers and solution providers; our ability to implement effective control procedures; and expectations regarding the launch of fifth generation cellular embedded modules and gateways. Forward-looking statements are provided to help you understand our views of our short and long term plans, expectations and prospects. We caution you that forward-looking statements may not be appropriate for other purposes.*

### Forward-looking statements:

- Typically include words and phrases about the future such as "outlook", "guidance", "will", "may", "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible", or variations thereof.
- Are not promises or guarantees of future performance. They represent our current views and may change significantly.
- Are based on a number of material assumptions, including, but not limited to, those listed below, which could prove to be significantly incorrect:
  - *the scope and duration of the COVID-19 pandemic and its impact on our business;*
  - *our ability to return to normal operations after the COVID-19 pandemic has subsided globally;*
  - *expected constraints on component supply and manufacturing capacity;*
  - *constraints impacting our ability to receive supply from our suppliers and deliver product to our customers;*
  - *customer demand and our ability to continue to sell our products and services in the expected quantities at the expected prices and expected times;*
  - *our operations not being adversely disrupted by further ransomware or cyber security attacks;*
  - *our ability to effect and to realize the anticipated benefits of our business transformation and restructuring initiatives, and the timing thereof;*
  - *our ability to develop, manufacture, and sell new products and services that meet the needs of our customers and gain commercial acceptance;*
  - *expected macro-economic business conditions;*
  - *expected cost of sales;*
  - *our ability to win new business;*
  - *our ability to integrate acquired businesses and realize expected benefits;*
  - *our ability to renew or obtain credit facilities when required;*
  - *expected deployment of next generation networks by wireless network operators;*

- *our operations not being adversely disrupted by other developments, operating, cyber security, litigation, or regulatory risks; and*
  - *expected tax and foreign exchange rates.*
- Are based on our management's current expectations and we caution investors that forward-looking statements, particularly those that relate to longer periods of time, are subject to substantial known and unknown material risks and uncertainties. Many factors could cause our actual results, achievements and developments in our business to differ significantly from those expressed or implied by our forward-looking statements, including without limitation, the following factors. These risk factors and others are discussed in our Annual Information Form which may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov) and in our other regulatory filings with the Securities and Exchange Commission in the United States and the provincial securities commissions in Canada:
- *the failure to satisfy the conditions to the closing of the Transaction;*
  - *the failure to obtain regulatory approvals required for the closing of the Transaction, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;*
  - *the failure of the purchaser to obtain financing required to close the Transaction;*
  - *the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement, including the payment of a termination fee;*
  - *the risk that the Transaction will not be consummated within the expected time period, or at all;*
  - *the effect of the Transaction on our management, ability to retain and hire key personnel and maintain business relationships with customers, suppliers and others with whom they each do business;*
  - *the effect of the Transaction on our ability to conduct certain activities in the ordinary course of business;*
  - *the effect of the Transaction on our ability to pursue alternative transactions on favourable terms;*
  - *negative impact from COVID-19 could be prolonged and natural catastrophes could impact our capacity to continue critical operations;*
  - *our ability to comply with all terms under our credit facilities;*
  - *competition from new or established competitors or from those with greater resources;*
  - *our reliance on third party suppliers for certain components used in our products;*
  - *our dependence on a limited number of third party manufacturers;*
  - *cyber-attacks or other breaches of our and our vendors' information technology security;*
  - *the loss of, or significant demand fluctuations from, any of our significant customers;*
  - *our financial results being subject to fluctuations;*
  - *our business transformation initiatives, including investments and partnerships, may result in disruptions to our business and may not achieve the anticipated benefits;*
  - *our ability to respond to changing technology, industry standards, and customer requirements;*
  - *failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects, network service interruptions, cyber-security vulnerabilities or other quality issues;*
  - *deterioration in macro-economic conditions could adversely affect our operating results and financial conditions;*
  - *unanticipated costs associated with litigation or settlements;*
  - *our ability to retain, hire and transition in a timely manner experienced and qualified additional executive officers and key employees as needed to achieve our business objectives;*
  - *risks related to the transmission, use and disclosure of user data and personal information;*
  - *disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with acquisitions or divestitures;*
  - *risks related to infringement on intellectual property rights of others and our ability to obtain necessary rights to use software or components supplied by third parties;*
  - *our ability to enforce our intellectual property rights;*
  - *our dependence on mobile network operators to promote and offer acceptable wireless data services;*

- *risks related to contractual disputes with counterparties;*
- *risks related to governmental regulation;*
- *risks inherent in foreign jurisdictions; and*
- *risks related to tariffs or other trade restrictions.*

## **About Sierra Wireless**

Sierra Wireless (NASDAQ: SWIR) (TSX: SW) is a leading IoT solutions provider that combines devices, network services, and software to unlock value in the connected economy. Companies globally are adopting 4G, 5G, and LPWA solutions to improve operational efficiency, create better customer experiences, improve their business models, and create new revenue streams. Sierra Wireless works with its customers to develop the right industry-specific solution for their IoT deployments, whether this is an integrated solution to help connect edge devices to the cloud, a software/API service to manage processes with billions of connected assets, or a platform to extract real-time data to improve business decisions. With more than 25 years of cellular IoT experience, Sierra Wireless is the global partner customers trust to deliver them their next IoT solution. For more information, visit [www.sierrawireless.com](http://www.sierrawireless.com).

“Sierra Wireless” is a registered trademark of Sierra Wireless. Other product or service names mentioned herein may be the trademarks of their respective owners.



**SIERRA WIRELESS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(In thousands of U.S. dollars, except where otherwise stated)  
(unaudited)

|                                                                 | Three months ended September 30, |             | Nine months ended September 30, |             |
|-----------------------------------------------------------------|----------------------------------|-------------|---------------------------------|-------------|
|                                                                 | 2022                             | 2021        | 2022                            | 2021        |
| <b>Revenue</b>                                                  |                                  |             |                                 |             |
| IoT Solutions                                                   | \$ 120,287                       | \$ 53,657   | \$ 393,673                      | \$ 218,544  |
| Enterprise Solutions                                            | 45,769                           | 28,793      | 133,291                         | 104,753     |
|                                                                 | 166,056                          | 82,450      | 526,964                         | 323,297     |
| <b>Cost of sales</b>                                            |                                  |             |                                 |             |
| IoT Solutions                                                   | 85,299                           | 42,981      | 276,147                         | 161,357     |
| Enterprise Solutions                                            | 24,138                           | 15,320      | 75,953                          | 53,833      |
|                                                                 | 109,437                          | 58,301      | 352,100                         | 215,190     |
| <b>Gross margin</b>                                             | 56,619                           | 24,149      | 174,864                         | 108,107     |
| <b>Expenses</b>                                                 |                                  |             |                                 |             |
| Sales and marketing                                             | 19,454                           | 18,574      | 55,586                          | 59,818      |
| Research and development                                        | 15,988                           | 16,238      | 51,619                          | 50,652      |
| Administration                                                  | 10,906                           | 10,384      | 32,241                          | 37,789      |
| Restructuring                                                   | 2,140                            | 369         | 9,859                           | 4,663       |
| Impairment                                                      | —                                | 11,544      | 10,299                          | 11,544      |
| Gain on sale of Omnilink                                        | —                                | —           | (9,179)                         | —           |
| Transaction costs                                               | 10,070                           | —           | 10,584                          | —           |
| Amortization                                                    | 2,632                            | 4,294       | 9,352                           | 13,307      |
|                                                                 | 61,190                           | 61,403      | 170,361                         | 177,773     |
| <b>Earnings (loss) from operations</b>                          | (4,571)                          | (37,254)    | 4,503                           | (69,666)    |
| Foreign exchange loss                                           | (3,065)                          | (2,601)     | (10,698)                        | (5,717)     |
| Other expense                                                   | (1,839)                          | (463)       | (3,572)                         | (2,352)     |
| <b>Loss before income taxes</b>                                 | (9,475)                          | (40,318)    | (9,767)                         | (77,735)    |
| Income tax expense (recovery)                                   | 869                              | (1,912)     | 3,581                           | (755)       |
| <b>Net loss from continuing operations</b>                      | \$ (10,344)                      | \$ (38,406) | \$ (13,348)                     | \$ (76,980) |
| Net earnings (loss) from discontinued operations                | 1,014                            | 459         | 3,038                           | (778)       |
| <b>Net loss</b>                                                 | \$ (9,330)                       | \$ (37,947) | \$ (10,310)                     | \$ (77,758) |
| Other comprehensive income (loss):                              |                                  |             |                                 |             |
| Foreign currency translation adjustments, net of taxes of \$nil | (1,299)                          | (960)       | (3,639)                         | (2,627)     |
| <b>Comprehensive loss</b>                                       | \$ (10,629)                      | \$ (38,907) | \$ (13,949)                     | \$ (80,385) |
| Basic and diluted net earnings (loss) per share (in dollars)    |                                  |             |                                 |             |
| Continuing operations                                           | \$ (0.26)                        | \$ (1.03)   | \$ (0.35)                       | \$ (2.08)   |
| Discontinued operations                                         | 0.03                             | 0.01        | 0.08                            | (0.02)      |
|                                                                 | \$ (0.24)                        | \$ (1.02)   | \$ (0.27)                       | \$ (2.10)   |
| Weighted average number of shares outstanding (in thousands)    |                                  |             |                                 |             |
| Basic                                                           | 39,196                           | 37,196      | 38,679                          | 36,976      |
| Diluted                                                         | 39,196                           | 37,196      | 38,679                          | 36,976      |

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

|                                                                                                                                               | <i>September 30, 2022</i> | <i>December 31, 2021</i> |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|
| <b>Assets</b>                                                                                                                                 |                           |                          |
| Current assets                                                                                                                                |                           |                          |
| Cash and cash equivalents                                                                                                                     | \$ 126,042                | \$ 76,784                |
| Restricted cash                                                                                                                               | —                         | 100                      |
| Accounts receivable                                                                                                                           | 100,828                   | 85,310                   |
| Inventories                                                                                                                                   | 107,964                   | 82,177                   |
| Prepays and other                                                                                                                             | 53,491                    | 27,372                   |
| Assets held for sale                                                                                                                          | 2,427                     | —                        |
|                                                                                                                                               | 390,752                   | 271,743                  |
| Property and equipment, net                                                                                                                   | 26,314                    | 31,134                   |
| Operating lease right-of-use assets                                                                                                           | 13,620                    | 14,348                   |
| Intangible assets, net                                                                                                                        | 30,796                    | 54,708                   |
| Goodwill                                                                                                                                      | 139,471                   | 167,379                  |
| Deferred income taxes                                                                                                                         | 1,097                     | 1,268                    |
| Other assets                                                                                                                                  | 2,155                     | 6,473                    |
|                                                                                                                                               | \$ 604,205                | \$ 547,053               |
| <b>Liabilities</b>                                                                                                                            |                           |                          |
| Current liabilities                                                                                                                           |                           |                          |
| Accounts payable and accrued liabilities                                                                                                      | 192,017                   | 183,529                  |
| Deferred revenue                                                                                                                              | 13,756                    | 11,770                   |
| Secured borrowing                                                                                                                             | 14,556                    | —                        |
| Current portion of long-term debt                                                                                                             | 1,130                     | 494                      |
| Liabilities held for sale                                                                                                                     | 284                       | —                        |
|                                                                                                                                               | 221,743                   | 195,793                  |
| Long-term obligations                                                                                                                         | 35,699                    | 42,808                   |
| Operating lease liabilities                                                                                                                   | 14,055                    | 15,033                   |
| Long-term debt                                                                                                                                | 52,287                    | 9,394                    |
| Deferred income taxes                                                                                                                         | 5,632                     | 6,371                    |
|                                                                                                                                               | 329,416                   | 269,399                  |
| <b>Equity</b>                                                                                                                                 |                           |                          |
| Shareholders' equity                                                                                                                          |                           |                          |
| Common stock: no par value; unlimited shares authorized; issued and outstanding:<br>39,065,069 shares (December 31, 2021 - 37,774,800 shares) | 478,280                   | 460,331                  |
| Preferred stock: no par value; unlimited shares authorized;<br>issued and outstanding: nil shares                                             | —                         | —                        |
| Treasury stock: at cost; 171 shares (December 31, 2021 - 119,761 shares)                                                                      | (4)                       | (2,128)                  |
| Additional paid-in capital                                                                                                                    | 41,673                    | 48,747                   |
| Retained deficit                                                                                                                              | (232,789)                 | (220,564)                |
| Accumulated other comprehensive loss                                                                                                          | (12,371)                  | (8,732)                  |
|                                                                                                                                               | 274,789                   | 277,654                  |
|                                                                                                                                               | \$ 604,205                | \$ 547,053               |

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

|                                                                                  | Three months ended September 30, |                  | Nine months ended September 30, |                  |
|----------------------------------------------------------------------------------|----------------------------------|------------------|---------------------------------|------------------|
|                                                                                  | 2022                             | 2021             | 2022                            | 2021             |
| <b>Cash flows provided by (used in):</b>                                         |                                  |                  |                                 |                  |
| <b>Operating activities</b>                                                      |                                  |                  |                                 |                  |
| Net loss                                                                         | \$ (9,330)                       | \$ (37,947)      | \$ (10,310)                     | \$ (77,758)      |
| Items not requiring (providing) cash                                             |                                  |                  |                                 |                  |
| Amortization                                                                     | 4,432                            | 7,208            | 15,857                          | 21,783           |
| Stock-based compensation                                                         | 3,317                            | 1,767            | 10,136                          | 14,004           |
| Capitalized interest expense                                                     | 964                              | —                | 2,548                           | —                |
| Deferred income tax (recovery) expense                                           | —                                | (2,378)          | 1                               | (2,381)          |
| Impairment                                                                       | —                                | 11,544           | 10,299                          | 11,544           |
| Gain on sale of Omnilink                                                         | —                                | —                | (9,179)                         | —                |
| Unrealized foreign exchange loss                                                 | 5,882                            | 2,841            | 13,127                          | 7,002            |
| Recognition of cumulative translation adjustments on dissolution of subsidiaries | 754                              | —                | 1,571                           | —                |
| Other                                                                            | (71)                             | (45)             | 374                             | 292              |
| Changes in non-cash working capital                                              |                                  |                  |                                 |                  |
| Accounts receivable                                                              | 1,551                            | 22,049           | (22,403)                        | 14,853           |
| Inventories                                                                      | (15,956)                         | (24,375)         | (26,808)                        | (38,610)         |
| Prepays and other                                                                | 615                              | (928)            | (22,663)                        | (12,012)         |
| Accounts payable and accrued liabilities                                         | (180)                            | (28,532)         | 10,619                          | (23,037)         |
| Deferred revenue and other                                                       | (1,454)                          | 348              | (3,777)                         | 744              |
| Cash flows used in operating activities                                          | (9,476)                          | (48,448)         | (30,608)                        | (83,576)         |
| <b>Investing activities</b>                                                      |                                  |                  |                                 |                  |
| Additions to property and equipment                                              | (2,987)                          | (3,187)          | (10,716)                        | (11,868)         |
| Additions to intangible assets                                                   | (277)                            | (1,139)          | (1,152)                         | (4,061)          |
| Proceeds from sale of property and equipment                                     | 55                               | 51               | 78                              | 90               |
| Proceeds from sale of Omnilink, net of transaction costs and cash sold           | 206                              | —                | 35,165                          | —                |
| Acquisition of M2M New Zealand, net of cash acquired                             | —                                | —                | —                               | (319)            |
| Cash flows (used in) provided by investing activities                            | (3,003)                          | (4,275)          | 23,375                          | (16,158)         |
| <b>Financing activities</b>                                                      |                                  |                  |                                 |                  |
| Issuance of common shares, net of issuance cost                                  | 1,070                            | 481              | 3,635                           | 4,082            |
| Purchase of treasury shares for RSU distribution                                 | (245)                            | (111)            | (2,688)                         | (7,574)          |
| Taxes paid related to net settlement of equity awards                            | —                                | —                | —                               | (1,057)          |
| Decrease in other long-term obligations                                          | (3)                              | (73)             | (43)                            | (175)            |
| Proceeds from long-term debt, net of issuance costs                              | —                                | 9,908            | 45,732                          | 9,908            |
| Proceeds from secured borrowing                                                  | 14,556                           | —                | 14,556                          | —                |
| Cash flows provided by financing activities                                      | 15,378                           | 10,205           | 61,192                          | 5,184            |
| Effect of foreign exchange rate changes on cash and cash equivalents             | (4,277)                          | (429)            | (4,801)                         | (1,335)          |
| Cash, cash equivalents and restricted cash, (decrease) increase in the period    | (1,378)                          | (42,947)         | 49,158                          | (95,885)         |
| Cash, cash equivalents and restricted cash, beginning of period                  | 127,420                          | 118,486          | 76,884                          | 171,424          |
| <b>Cash, cash equivalents and restricted cash, end of period</b>                 | <b>\$ 126,042</b>                | <b>\$ 75,539</b> | <b>\$ 126,042</b>               | <b>\$ 75,539</b> |

**SIERRA WIRELESS, INC.**

**RECONCILIATION OF GAAP AND NON-GAAP RESULTS BY QUARTER**

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

|                                                                                                      | 2022               |                  |                    |                    | 2021               |                    |                    |                    | 2020 |
|------------------------------------------------------------------------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------|
|                                                                                                      | Q3                 | Q2               | Q1                 | Q4                 | Q3                 | Q2                 | Q1                 | Q4                 |      |
| <b>Net earnings (loss) from continuing operations - GAAP</b>                                         | <b>\$ (10,344)</b> | <b>\$ 10,906</b> | <b>\$ (13,910)</b> | <b>\$ (11,752)</b> | <b>\$ (38,406)</b> | <b>\$ (10,036)</b> | <b>\$ (28,538)</b> | <b>\$ (11,167)</b> |      |
| Stock-based compensation and related social taxes                                                    | 3,415              | 3,758            | 3,281              | 5,832              | 1,820              | 3,807              | 7,928              | 6,461              |      |
| Phantom RSU expense (recovery)                                                                       | 258                | 157              | (202)              | 393                | (69)               | 569                | 206                | 691                |      |
| Restructuring                                                                                        | 2,140              | 3,715            | 4,004              | 7,592              | 369                | 1,720              | 2,574              | 4,800              |      |
| COVID-19 government relief                                                                           | (33)               | (22)             | (11)               | (5,557)            | (168)              | (1,016)            | (2,049)            | (954)              |      |
| CEO retirement/search                                                                                | —                  | —                | —                  | 44                 | 42                 | 400                | 1,655              | —                  |      |
| Impairment                                                                                           | —                  | —                | 10,299             | 741                | 11,544             | —                  | —                  | —                  |      |
| Gain on sale of Omnilink                                                                             | —                  | (9,179)          | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Ransomware incident                                                                                  | 2                  | (1,089)          | (59)               | (959)              | 271                | 1,135              | 533                | —                  |      |
| COVID-19 factory constraint incremental costs                                                        | —                  | —                | 1,096              | 22                 | 1,135              | —                  | —                  | —                  |      |
| Transaction costs                                                                                    | 10,070             | 514              | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Other non-recurring costs                                                                            | 76                 | 168              | 99                 | 978                | 323                | 593                | 508                | 445                |      |
| Amortization                                                                                         | 4,432              | 4,741            | 6,684              | 6,935              | 7,208              | 7,267              | 7,308              | 7,054              |      |
| Interest and other expense, net                                                                      | 1,083              | 922              | 1,142              | 307                | 192                | 111                | 110                | 564                |      |
| Foreign exchange loss (gain), net of realized gain/loss on hedge contracts                           | 2,708              | 5,317            | 2,326              | 1,927              | 2,693              | (821)              | 4,816              | (2,804)            |      |
| Recognition of cumulative translation adjustments on dissolution of subsidiaries                     | 754                | 817              | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Income tax expense (recovery)                                                                        | 869                | 1,691            | 1,021              | 761                | (1,912)            | 605                | 552                | (7,984)            |      |
| <b>Adjusted EBITDA*</b>                                                                              | <b>\$ 15,430</b>   | <b>\$ 22,416</b> | <b>\$ 15,770</b>   | <b>\$ 7,264</b>    | <b>\$ (14,958)</b> | <b>\$ 4,334</b>    | <b>\$ (4,397)</b>  | <b>\$ (2,894)</b>  |      |
| <b>Net earnings (loss) from continuing operations - GAAP</b>                                         | <b>\$ (10,344)</b> | <b>\$ 10,906</b> | <b>\$ (13,910)</b> | <b>\$ (11,752)</b> | <b>\$ (38,406)</b> | <b>\$ (10,036)</b> | <b>\$ (28,538)</b> | <b>\$ (11,167)</b> |      |
| Stock-based compensation and related social taxes                                                    | 3,415              | 3,758            | 3,281              | 5,832              | 1,820              | 3,807              | 7,928              | 6,461              |      |
| Phantom RSU expense (recovery)                                                                       | 258                | 157              | (202)              | 393                | (69)               | 569                | 206                | 691                |      |
| Restructuring                                                                                        | 2,140              | 3,715            | 4,004              | 7,592              | 369                | 1,720              | 2,574              | 4,800              |      |
| COVID-19 government relief                                                                           | (33)               | (22)             | (11)               | (5,557)            | (168)              | (1,016)            | (2,049)            | (954)              |      |
| CEO retirement/search                                                                                | —                  | —                | —                  | 44                 | 42                 | 400                | 1,655              | —                  |      |
| Impairment                                                                                           | —                  | —                | 10,299             | 741                | 11,544             | —                  | —                  | —                  |      |
| Gain on sale of Omnilink                                                                             | —                  | (9,179)          | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Ransomware incident                                                                                  | 2                  | (1,089)          | (59)               | (959)              | 271                | 1,135              | 533                | —                  |      |
| COVID-19 factory constraint incremental costs                                                        | —                  | —                | 1,096              | 22                 | 1,135              | —                  | —                  | —                  |      |
| Transaction costs                                                                                    | 10,070             | 514              | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Other non-recurring costs                                                                            | 76                 | 168              | 99                 | 978                | 323                | 593                | 508                | 445                |      |
| Acquisition-related amortization                                                                     | 1,517              | 1,558            | 2,152              | 2,254              | 2,776              | 2,890              | 3,135              | 3,306              |      |
| Foreign exchange loss (gain), net of realized gain/loss on hedge contracts                           | 2,708              | 5,317            | 2,326              | 1,927              | 2,693              | (821)              | 4,816              | (2,804)            |      |
| Recognition of cumulative translation adjustments on dissolution of subsidiaries                     | 754                | 817              | —                  | —                  | —                  | —                  | —                  | —                  |      |
| Income tax expense (recovery) adjustment                                                             | (585)              | 126              | (500)              | (441)              | (3,008)            | (357)              | (393)              | (7,784)            |      |
| <b>Adjusted earnings (loss) from continuing operations*</b>                                          | <b>\$ 9,978</b>    | <b>\$ 16,746</b> | <b>\$ 8,575</b>    | <b>\$ 1,074</b>    | <b>\$ (20,678)</b> | <b>\$ (1,116)</b>  | <b>\$ (9,625)</b>  | <b>\$ (7,006)</b>  |      |
| Weighted average number of shares outstanding (in thousands)                                         |                    |                  |                    |                    |                    |                    |                    |                    |      |
| Basic                                                                                                | 39,196             | 38,770           | 37,974             | 37,541             | 37,196             | 36,992             | 36,736             | 36,534             |      |
| Diluted                                                                                              | 39,196             | 39,079           | 37,974             | 37,541             | 37,196             | 36,992             | 36,736             | 36,534             |      |
| <b>Basic and diluted adjusted earnings (loss) per share from continuing operations (in dollars)*</b> | <b>\$ 0.25</b>     | <b>\$ 0.43</b>   | <b>\$ 0.23</b>     | <b>\$ 0.03</b>     | <b>\$ (0.56)</b>   | <b>\$ (0.03)</b>   | <b>\$ (0.26)</b>   | <b>\$ (0.19)</b>   |      |

**SIERRA WIRELESS, INC.**  
**SEGMENTED RESULTS**

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

|                                      | 2022      |           |           | 2021      |           |          |           |           |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|
|                                      | Q3        | Q2        | Q1        | Total     | Q4        | Q3       | Q2        | Q1        |
| <b>IoT Solutions</b>                 |           |           |           |           |           |          |           |           |
| Revenue                              | \$120,287 | \$139,678 | \$133,708 | \$323,075 | \$104,531 | \$53,657 | \$90,309  | \$74,578  |
| Gross margin                         | \$34,988  | \$42,013  | \$40,525  | \$83,765  | \$26,578  | \$10,676 | \$24,425  | \$22,086  |
| Gross margin %                       | 29.1 %    | 30.1 %    | 30.3 %    | 25.9 %    | 25.4 %    | 19.9 %   | 27.0 %    | 29.6 %    |
| <b>Enterprise Solutions</b>          |           |           |           |           |           |          |           |           |
| Revenue                              | \$45,769  | \$48,273  | \$39,249  | \$150,134 | \$45,381  | \$28,793 | \$42,476  | \$33,484  |
| Gross margin                         | \$21,631  | \$21,169  | \$14,538  | \$73,034  | \$22,114  | \$13,473 | \$21,806  | \$15,641  |
| Gross margin %                       | 47.3 %    | 43.9 %    | 37.0 %    | 48.6 %    | 48.7 %    | 46.8 %   | 51.3 %    | 46.7 %    |
| <b>Total</b>                         |           |           |           |           |           |          |           |           |
| Revenue                              | \$166,056 | \$187,951 | \$172,957 | \$473,209 | \$149,912 | \$82,450 | \$132,785 | \$108,062 |
| Gross margin                         | \$56,619  | \$63,182  | \$55,063  | \$156,799 | \$48,692  | \$24,149 | \$46,231  | \$37,727  |
| Gross margin %                       | 34.1 %    | 33.6 %    | 31.8 %    | 33.1 %    | 32.5 %    | 29.3 %   | 34.8 %    | 34.9 %    |
| <b>Revenue by Type:</b>              |           |           |           |           |           |          |           |           |
| Product                              | \$137,099 | \$156,538 | \$138,052 | \$332,810 | \$113,619 | \$47,207 | \$97,595  | \$74,389  |
| Connectivity, software, and services | \$28,957  | \$31,413  | \$34,905  | \$140,399 | \$36,293  | \$35,243 | \$35,190  | \$33,673  |