

SIERRA WIRELESS, INC.
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME (LOSS)**

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

	Three months ended March 31,	
	2013	2012
Revenue	\$101,401	\$92,335
Cost of goods sold	68,023	64,461
Gross margin	33,378	27,874
Expenses		
Sales and marketing	10,356	9,321
Research and development	18,363	14,931
Administration	8,123	8,459
Restructuring	117	180
Integration	27	—
Amortization	3,276	2,387
	40,262	35,278
Loss from operations	(6,884)	(7,404)
Foreign exchange gain (loss)	(2,370)	) 206
Other expense	(132)	) (171)
Loss before income taxes	(9,386)	) (7,369)
Income tax recovery	1,448	124
Net loss from continuing operations	(7,938)	) (7,245)
Net earnings from discontinued operations	1,863	7,590
Net earnings (loss)	\$(6,075)	) \$345
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of taxes of \$nil	(904)	) 2,002
Comprehensive income (loss)	\$(6,979)	) \$2,347
Basic and diluted net earnings (loss) per share attributable to the Company's common shareholders (in dollars)		
Continuing operations	\$(0.26)	) \$(0.23)
Discontinued operations	0.06	0.24
	\$(0.20)	) \$0.01
Weighted average number of shares outstanding (in thousands)		
Basic	30,695	31,175
Diluted	30,695	31,175

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

	March 31, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 55,923	\$ 63,646
Accounts receivable, net of allowance for doubtful accounts of \$1,959 (December 31, 2012 - \$2,435)	114,160	108,624
Inventories	11,017	12,675
Deferred income taxes	22,230	22,199
Prepays and other	34,323	24,252
Assets held for sale	46,876	54,340
	284,529	285,736
Property and equipment	19,153	20,039
Intangible assets	50,525	56,357
Goodwill	96,205	97,961
Deferred income taxes	3,880	3,880
Other assets	767	790
	\$ 455,059	\$ 464,763
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 128,125	\$ 128,216
Deferred revenue and credits	1,306	1,312
Liabilities held for sale	7,075	10,353
	136,506	139,881
Long-term obligations	24,771	26,526
Deferred income taxes	300	300
	161,577	166,707
Equity		
Shareholders' equity		
Common stock: no par value; unlimited shares authorized; issued and outstanding 30,791,455 shares (December 31, 2012 - 30,592,423 shares)	324,748	322,770
Preferred stock: no par value; unlimited shares authorized;	—	—
issued and outstanding: nil shares		
Treasury stock: at cost 312,502 shares (December 31, 2012 - 716,313 shares)	(2,283)	(5,172)

Additional paid-in capital	20,807	23,203	
Deficit	(41,424)	(35,283))
Accumulated other comprehensive loss	(8,366)	(7,462))
	293,482	298,056	
	<u>\$ 455,059</u>	<u>\$ 464,763</u>	<u>—</u>

SIERRA WIRELESS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(in thousands of U.S. dollars)

(unaudited)

	Common Stock		Treasury Shares		Additional paid-in capital	Deficit	Accumulated other comprehensive income (loss)	Total
	# of shares	\$	# of shares	\$				
Balance as at December 31, 2011	31,306,692	\$328,440	877,559	\$(6,141)	\$20,087	\$(62,482)	\$(8,000)	\$271,904
Common share cancellation	(800,000)	(6,312)	—	—	—	—	—	(6,312)
Stock option tax benefit for U.S. employees	—	—	—	—	71	—	—	71
Stock option exercises	85,051	637	—	—	(201)	—	—	436
Stock-based compensation	—	—	—	—	6,713	—	—	6,713
Purchase of treasury shares for RSU distribution	—	—	336,638	(2,489)	—	—	—	(2,489)

Distribution of vested RSUs	680	5	(497,884)	3,458	(3,467)	—	—	(4)
Net earnings	—	—	—	—	—	27,199	—	27,199
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	538	538
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	(124,300)	(1,311)	—	—	—	(66)	—	(1,377)
Stock option exercises	295,206	3,071	—	—	(967)	—	—	2,104
Stock-based compensation	—	—	—	—	1,928	—	—	1,928
Distribution of vested RSUs	28,126	218	(403,811)	2,889	(3,357)	—	—	(250)
Net earnings (loss)	—	—	—	—	—	(6,075)	—	(6,075)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	(904)	(904)
Balance as at March 31, 2013	30,791,455	\$324,748	312,502	\$(2,283)	\$20,807	\$(41,424)	\$(8,366)	\$293,482

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

	Three months ended March 31,	
	2013	2012
Cash flows provided (used) by:		
Operating activities		
Net earnings (loss)	\$ (6,075	) \$ 345
Items not requiring (providing) cash		
Amortization	7,511	6,982
Stock-based compensation	1,928	1,679
Deferred income taxes	(31	) (1,030
Loss on disposal of property, equipment, and intangibles	—	159
Impairment of assets related to discontinued operations	1,004	—
Other	1,750	—
Taxes paid related to net settlement of equity awards	(250) —
Changes in non-cash working capital		
Accounts receivable	(6,643	) 613
Inventories	7,354	3,224
Prepaid expenses and other	(9,044	) 716
Accounts payable and accrued liabilities	(3,079	) (7,085
Deferred revenue and credits	28	(480
Cash flows provided (used) by operating activities	(5,547	) 5,123
Investing activities		
Additions to property and equipment	(2,199	) (3,603
Proceeds from sale of property, equipment, and intangibles	11	61
Increase in intangible assets	(659	) (771
Net change in short-term investments	—	9,345
Cash flows provided (used) by investing activities	(2,847	) 5,032
Financing activities		
Issuance of common shares, net of share issue costs	2,104	14
Repurchase of common shares for cancellation	(1,377)	(3,037
Purchase of treasury shares for RSU distribution	—	(987
Decrease in other long-term obligations	(627	) (642

Cash flows provided (used) by financing activities	100	_(4,652))
Effect of foreign exchange rate changes on cash and cash equivalents	571	(105))
Cash and cash equivalents, increase (decrease) in the period	(7,723)	)	5,398
Cash and cash equivalents, beginning of period	63,646	101,375	_
Cash and cash equivalents, end of period	\$ 55,923	_\$ 106,773	_

SIERRA WIRELESS, INC.
RECONCILIATION OF GAAP AND NON-GAAP RESULTS
(Unaudited)

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

	2013	2012⁽¹⁾				
	Q1	Total	Q4	Q3	Q2	Q1
Revenue - GAAP and Non-GAAP	\$101,401	\$397,321	\$109,405	\$100,183	\$95,398	\$92,335
Gross margin - GAAP	\$33,378	\$125,274	\$36,233	\$31,086	\$30,081	\$27,874
Stock-based compensation	75	304	61	82	78	83
Gross margin - Non-GAAP	\$33,453	\$125,578	\$36,294	\$31,168	\$30,159	\$27,957
	=	=	=	=	=	=
Loss from operations - GAAP	\$(6,884)	\$(22,206)	\$(1,516)	\$(6,728)	\$(6,558)	\$(7,404)
Stock-based compensation	1,655	5,781	1,470	1,462	1,403	1,446
Acquisition	—	3,182	387	2,196	599	—
Restructuring	117	2,251	42	498	1,531	180
Integration	27	—	—	—	—	—
Impairment of an asset in R&D	280	—	—	—	—	—
Acquisition related amortization	3,393	11,890	3,338	2,906	2,665	2,981
	-	-	-	-	-	-
Earnings (loss) from operations - Non-GAAP	\$(1,412)	\$898	\$3,721	\$334	\$(360)	\$(2,797)
	=	=	=	=	=	=
Net earnings (loss) from continuing operations - GAAP	\$(7,938)	\$(4,202)	\$15,523	\$(3,612)	\$(8,868)	\$(7,245)
Stock-based compensation, restructuring and other, integration, and	5,355	22,241	5,162	6,885	5,658	4,536

acquisition related amortization, net of tax						
Unrealized foreign exchange loss (gain)	1,874	(3,139	)(1,655	)(1,218	)(165	)(101
Income tax adjustments	—	(15,344	)(14,540	)(804)—	—
		-			-	-
Net earnings (loss) from continuing operations - Non- GAAP	\$ (709	) \$ (444	) \$ 4,490	\$ 1,251	\$ (3,375	) \$ (2,810
		-		=	=	
Net earnings from discontinued operations - GAAP	\$ 1,863	\$ 31,401	\$ 4,083	\$ 7,279	\$ 12,449	\$ 7,590
Stock-based compensation and disposition costs	1,733	2,395	1,696	233	233	233
		-	-	-	-	-
Net earnings from discontinued operations - Non- GAAP	\$ 3,596	\$ 33,796	\$ 5,779	\$ 7,512	\$ 12,682	\$ 7,823
		=	=	=	=	=
Net earnings (loss) - GAAP	\$ (6,075	) \$ 27,199	\$ 19,606	\$ 3,667	\$ 3,581	\$ 345
Net earnings (loss) - Non-GAAP	2,887	33,352	10,269	8,763	9,307	5,013
Diluted earnings (loss) from continuing operations per share						
GAAP - (in dollars)	\$ (0.26	) \$ (0.14	) \$ 0.50	\$ (0.12	) \$ (0.29	) \$ (0.23
Non-GAAP - (in dollars)	\$ (0.02	) \$ (0.01	) \$ 0.15	\$ 0.04	\$ (0.11	) \$ (0.09
Net earnings (loss) per share - diluted						
GAAP - (in dollars)	\$ (0.20	) \$ 0.88	\$ 0.64	\$ 0.12	\$ 0.12	\$ 0.01
Non-GAAP - (in dollars)	\$ 0.09	\$ 1.08	\$ 0.33	\$ 0.28	\$ 0.30	\$ 0.16

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

SIERRA WIRELESS, INC.
REVENUE BY PRODUCT
(In thousands of U.S. dollars)
(Unaudited)

	<i>Three months ended Mar 31,</i>	
	<i>2013</i>	<i>2012⁽¹⁾</i>
OEM Solutions	\$ 89,232	\$ 80,100
Enterprise Solutions	12,169	12,235
	\$ 101,401	\$ 92,335

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