

Q2 2012 Guidance	Consolidated Non-GAAP
Revenue	\$157.0 to \$162.0 million
Earnings from operations	\$8.5 to \$9.5 million
Net earnings	\$5.7 to \$6.5 million
Earnings per share	\$0.18 to \$0.21 per share

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

	<i>March 31,</i>	<i>December</i>
	<i>2012</i>	<i>31,</i>
		<i>2011</i>
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Assets		-
Current assets		
Cash and cash equivalents	\$ 106,773	\$ 101,375
Short-term investments	-	9,347
Accounts receivable, net of allowance for doubtful accounts of \$3,226 (2011 - \$3,642)	107,539	107,367
Inventories	13,095	16,168
Deferred income taxes	7,372	6,540
Prepaid expenses and other	20,070	20,674
	254,849	261,471
Property, plant and equipment	22,731	22,087
Intangible assets	40,461	42,557
Goodwill	90,953	89,961
Deferred income taxes	6,205	6,205
Other assets	630	606
	\$ 415,829	\$ 422,887
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 118,239	\$ 123,547
Deferred income taxes	135	336
Deferred revenue and credits	1,251	1,721
	119,625	125,604
Long-term obligations	24,048	25,143
Deferred income taxes	236	236
	143,909	150,983
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Equity		
Shareholders' equity		

Common stock: no par value; unlimited shares authorized; issued and outstanding: 30,909,707 shares (December 31, 2011 - 31,306,692 shares)	325,423	328,440
Preferred stock: no par value; unlimited shares authorized; issued and outstanding: nil shares	-	-
Treasury stock: at cost 521,995 shares (December 31, 2011 – 877,559 shares)	(3,736)	(6,141)
Additional paid-in capital	18,368	20,087
Deficit	(62,137)	(62,482)
Accumulated other comprehensive loss	(5,998)	(8,000)
	271,920	271,904
	\$ 415,829	\$ 422,887

SIERRA WIRELESS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands of U.S. dollars, except where otherwise stated)
(unaudited)

	Three months ended March 31	
	2012	2011
Revenue	\$ 150,266	\$ 144,275
Cost of goods sold	105,500	104,811
Gross margin	44,766	39,464
Expenses		
Sales and marketing	11,861	12,268
Research and development	21,396	23,512
Administration	8,600	9,385
Restructuring	180	325
Integration	-	540
Amortization	2,387	2,848
	44,424	48,878
Earnings (loss) from operations	342	(9,414)
Foreign exchange gain	206	422
Other expense	(171)	(40)
Earnings (loss) before income taxes	377	(9,032)

Income tax expense (recovery)	32	(1,199)
Net earnings (loss)	<u>345</u>	<u>(7,833)</u>
Net loss attributable to non-controlling interest	-	(44)
Net earnings (loss) attributable to the Company	<u>\$ 345</u>	<u>\$ (7,789)</u>
Net earnings (loss) per share attributable to the Company's common shareholders (in dollars)		
Basic	\$ 0.01	\$ (0.25)
Diluted	\$ 0.01	\$ (0.25)
Weighted average number of shares outstanding (in thousands)		
Basic	31,175	31,237
Diluted	<u>31,214</u>	<u>31,237</u>

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

	Three months ended March 31	
	2012	2011
<u>Net earnings (loss)</u>	<u>\$ 345</u>	<u>\$ (7,833)</u>
Other comprehensive income, net of taxes:		
Foreign currency translation adjustments, net of taxes of \$nil	2,002	4,947
Total comprehensive earnings (loss)	<u>2,347</u>	<u>(2,886)</u>
Comprehensive income (loss) attributable to non-controlling interest:		
Net earnings (loss)	-	(44)
Foreign currency translation adjustments, net of taxes of \$nil	-	1
Comprehensive earnings (loss) attributable to the Company	<u>\$ 2,347</u>	<u>\$ (2,843)</u>

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

Common share cancellation	(400,000)	(3,037)	-	-	-	-	-	-	(3,037)
Stock option exercises	3,015	20	-	-	(6)	-	-	-	14
Stock-based compensation	-	-	-	-	1,679	-	-	-	1,679
Purchase of treasury shares for RSU distribution	-	-	133,078	(987)	-	-	-	-	(987)
Distribution of vested RSUs	-	-	(488,642)	3,392	(3,392)	-	-	-	-
Net earnings	-	-	-	-	-	345	-	-	345
Foreign currency translation adjustments, net of tax	-	-	-	-	-	-	2,002	-	2,002
Balance as at March 31, 2012	30,909,707	\$325,423	521,995	\$(3,736)	\$18,368	\$(62,137)	\$(5,998)	\$-	\$271,920

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

Three months ended March 31

2012

2011

Cash flows provided (used) by:

Operating activities

Net earnings (loss)	\$ 345	\$ (7,833)
Items not requiring (providing) cash		
Amortization	6,982	8,612
Stock-based compensation	1,679	1,631
Deferred income taxes	(1,030)	-
Loss (gain) on disposal of property, plant and equipment	159	(8)
Changes in non-cash working capital		
Accounts receivable	613	12,220
Inventories	3,224	1,334
Prepaid expenses and other	716	(1,121)
Accounts payable and accrued liabilities	(7,085)	(13,317)
Deferred revenue and credits	(480)	(42)
Cash flows provided by operating activities	<u>5,123</u>	<u>1,476</u>
Investing activities		-
Additions to property, plant and equipment	(3,603)	(1,963)
Proceeds from sale of property, plant and equipment	61	13
Increase in intangible assets	(771)	(741)
Net change in short-term investments	9,345	1,847
Cash flows provided (used) by investing activities	<u>5,032</u>	<u>(844)</u>
Financing activities		
Issuance of common shares, net of share issue costs	14	206
Repurchase of common shares	(3,037)	-
Purchase of treasury shares for RSU distribution	(987)	-
Repayment of long-term obligations	(642)	(638)
Cash flows used by financing activities	<u>(4,652)</u>	<u>(432)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	(105)	554
Cash and cash equivalents, increase in the period	<u>5,398</u>	<u>754</u>
Cash and cash equivalents, beginning of period	101,375	85,443
Cash and cash equivalents, end of period	<u>\$ 106,773</u>	<u>\$ 86,197</u>
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Supplemental disclosures:		
Net Income taxes paid	\$ 240	\$ 301
Net interest paid (received)	<u>43</u>	<u>(1)</u>

SIERRA WIRELESS, INC.
RECONCILIATION OF GAAP AND NON-GAAP RESULTS
(in thousands of U.S. dollars, except where otherwise stated)
(unaudited)

	<u>2012</u> <u>Q1</u>	<u>2011</u> <u>Q1</u>
Revenue - GAAP and Non-GAAP	\$150,266	\$144,275
Gross Margin - GAAP	\$44,766	\$39,464
Stock-based compensation	83	113
Gross Margin - Non-GAAP	\$44,849	\$39,577
Earnings (loss) from operations - GAAP	\$342	\$(9,414)
Stock-based compensation	1,679	1,632
Restructuring and other	180	325
Integration	-	540
Acquisition related amortization	2,981	3,288
Earnings (loss) from operations - Non-GAAP	\$5,182	\$(3,629)
Amortization (excluding acquisition related amortization)	4,001	5,324
EBITDA	\$9,183	\$1,695
Net Earnings (loss) - GAAP	\$345	\$(7,789)
Stock -based compensation, restructuring and other, integration, and acquisition related amortization, net of tax	4,769	5,725
Unrealized foreign exchange loss (gain)	(101)	(335)
Non-controlling interest	-	(32)
Net earnings (loss) - Non-GAAP	\$5,013	\$(2,431)
Earnings (loss) per share - GAAP (in dollars)	\$0.01	\$(0.25)
Diluted earnings (loss) per share - Non-GAAP (in dollars)	<u>\$0.16</u>	<u>\$(0.08)</u>

SIERRA WIRELESS, INC.
SEGMENTED RESULTS
(in thousands of U.S. dollars)
(unaudited)

	Three months ended March 31	
	2012	2011
M2M		
Revenue	\$ 76,943	\$ 72,728
Cost of goods sold	<u>52,219</u>	<u>50,048</u>
Gross margin	<u>\$ 24,724</u>	<u>22,680</u>

Gross margin %	32.1	%	31.2	%
Mobile Computing				
Revenue	\$ 73,323		\$ 71,547	
Cost of goods sold	<u>53,281</u>		<u>54,763</u>	
Gross margin	\$ 20,042		\$ 16,784	
Gross margin %	<u>27.3</u>	%	<u>23.5</u>	%

SIERRA WIRELESS, INC.
REVENUE BY SEGMENT AND PRODUCT
(in thousands of U.S. dollars)
(unaudited)

	Three months ended March 31	
	2012	2011
M2M		
AirPrime Embedded Wireless Modules (excludes PC OEMs) (1)	\$ 62,944	\$ 59,695
AirLink Intelligent Gateways and Routers	10,622	10,096
AirVantage M2M Cloud Platform and Other	<u>3,377</u>	<u>2,937</u>
	\$ 76,943	<u>\$ 72,728</u>
Mobile Computing		
AirCard Mobile Broadband Devices (2)	\$ 56,938	\$ 63,854
AirPrime Embedded Wireless Modules for PC OEMs	15,273	6,747
Other	<u>1,112</u>	<u>946</u>
	<u>\$ 73,323</u>	<u>\$ 71,547</u>

(1) Barnes & Noble contributed \$nil million in M2M revenue in the three months ended March 31, 2012 compared to \$0.7 million in the three months ended March 31, 2011.

(2) Clearwire contributed \$nil million in mobile computing revenue in the three months ended March 31, 2012 compared to \$8.3 million in the three months ended March 31, 2011.