

HYPERCOM CORPORATION

Consolidated Statement of Operations GAAP

(\$ and common shares in thousands, except per share data)

	Actual Q1-2008*	Actual Q2-2008	Actual Q3-2008	Actual Q4-2008	Actual YTD-2008	Actual Q1-2009	Actual Q2-2009	Actual Q3-2009
Net revenue:								
Products	\$ 49,584	\$ 92,774	\$ 86,992	\$ 91,761	\$ 321,111	\$ 57,905	\$ 79,672	\$ 76,558
Services	20,921	31,406	34,068	29,804	116,199	25,710	27,157	25,857
Total net revenue	70,505	124,180	121,060	121,565	437,310	83,615	106,829	102,415
Costs of revenue:								
Products	33,250	64,653	56,495	65,255	219,653	38,910	50,291	49,370
Services	17,612	24,886	24,652	22,620	89,770	19,711	21,703	18,499
Amortization of purchased intangible assets	83	1,058	1,025	909	3,075	675	706	760
Total costs of revenue	50,945	90,597	82,172	88,784	312,498	59,296	72,700	68,629
Gross profit:								
Products	16,334	28,121	30,497	26,506	101,458	18,995	29,381	27,188
Services	3,309	6,520	9,416	7,184	26,429	5,999	5,454	7,358
Amortization of purchased intangible assets	(83)	(1,058)	(1,025)	(909)	(3,075)	(675)	(706)	(760)
Total gross profit	19,560	33,583	38,888	32,781	124,812	24,319	34,129	33,786
Gross margin %								
Products	32.9%	30.3%	35.1%	28.9%	31.6%	32.8%	36.9%	35.5%
Services	15.8%	20.8%	27.6%	24.1%	22.7%	23.3%	20.1%	28.5%
Total gross margin %	27.7%	27.0%	32.1%	27.0%	28.5%	29.1%	31.9%	33.0%
Operating expenses:								
Research and development	6,112	14,892	13,637	11,466	46,107	10,806	10,581	10,853
Selling, general and administrative	15,511	24,803	19,967	21,673	81,954	18,579	18,941	18,254
Impairment of goodwill and intangible assets	-	-	-	67,798	67,798	-	-	-
Amortization of purchased intangible assets	132	1,960	1,898	1,688	5,678	1,429	1,500	1,580
Total operating expenses	21,755	41,655	35,502	102,625	201,537	30,814	31,022	30,687
Operating income (loss)	(2,195)	(8,072)	3,386	(69,844)	(76,725)	(6,495)	3,107	3,099
Operating income (loss) %	-3.1%	-6.5%	2.8%	-57.5%	-17.5%	-7.8%	2.9%	3.0%
Interest income	797	322	248	99	1,466	77	52	61
Interest expense	-	(2,512)	(1,951)	(2,359)	(6,822)	(2,450)	(2,526)	(2,643)
Foreign currency gain (loss)	49	(254)	(45)	(1,571)	(1,821)	(697)	627	(128)
Other income	79	70	6	36	191	12	309	35
Income (loss) before income taxes and disc. operations	(1,270)	(10,446)	1,644	(73,639)	(83,711)	(9,553)	1,569	424
Income tax benefit (provision)	663	(673)	(749)	(452)	(1,211)	(441)	(311)	728
Income (loss) before discontinued operations	(607)	(11,119)	895	(74,091)	(84,922)	(9,994)	1,258	1,152
Income (loss) from discontinued operations	275	224	(270)	(710)	(481)	69	(3)	26
GAAP net income (loss)	\$ (332)	\$ (10,895)	\$ 625	\$ (74,801)	\$ (85,403)	\$ (9,925)	\$ 1,255	\$ 1,178
GAAP net income (loss) %	-0.5%	-8.8%	0.5%	-61.5%	-19.5%	-11.9%	1.2%	1.2%
Diluted weighted average common shares	53,225	53,343	53,419	53,364	53,321	53,403	53,748	54,346
Diluted income (loss) per share:								
Income (loss) before discontinued operations	\$ (0.01)	\$ (0.21)	\$ 0.02	\$ (1.39)	\$ (1.59)	\$ (0.19)	\$ 0.02	\$ 0.02
Income (loss) from discontinued operations	-	0.01	(0.01)	(0.01)	(0.01)	-	-	-
Diluted income (loss) per share	\$ (0.01)	\$ (0.20)	\$ 0.01	\$ (1.40)	\$ (1.60)	\$ (0.19)	\$ 0.02	\$ 0.02

* Q1-2008 amounts do not include results from the company's April 1, 2008 acquisition of Thales e-transactions (TeT) businesses.

HYPERCOM CORPORATION

Consolidated Statement of Operations Non-GAAP

(\$ and common shares in thousands, except per share data)

	Actual Q1-2008*	Actual Q2-2008	Actual Q3-2008	Actual Q4-2008	Actual YTD-2008	Actual Q1-2009	Actual Q2-2009	Actual Q3-2009
Net revenue:								
Products	\$ 49,584	\$ 92,774	\$ 86,992	\$ 91,761	\$ 321,111	\$ 57,905	\$ 79,672	\$ 76,558
Services	20,921	31,406	34,068	29,804	116,199	25,710	27,157	25,857
Total net revenue	70,505	124,180	121,060	121,565	437,310	83,615	106,829	102,415
Non-GAAP costs of revenue:								
Products	32,484	62,860	56,479	65,204	217,027	38,841	50,137	49,328
Services	17,611	24,886	24,650	22,615	89,762	19,711	20,944	18,546
Total non-GAAP costs of revenue	50,095	87,746	81,129	87,819	306,789	58,552	71,081	67,874
Non-GAAP gross profit:								
Products	17,100	29,914	30,513	26,557	104,084	19,064	29,535	27,230
Services	3,310	6,520	9,418	7,189	26,437	5,999	6,213	7,311
Total non-GAAP gross profit	20,410	36,434	39,931	33,746	130,521	25,063	35,748	34,541
Non-GAAP gross margin %								
Products	34.5%	32.2%	35.1%	28.9%	32.4%	32.9%	37.1%	35.6%
Services	15.8%	20.8%	27.6%	24.1%	22.8%	23.3%	22.9%	28.3%
Total non-GAAP gross margin %	28.9%	29.3%	33.0%	27.8%	29.8%	30.0%	33.5%	33.7%
Non-GAAP operating expenses:								
Research and development	6,037	14,841	13,601	11,496	45,975	10,788	10,254	10,549
Selling, general and administrative	12,771	22,330	19,149	20,461	74,711	17,992	17,819	17,672
Total non-GAAP operating expenses	18,808	37,171	32,750	31,957	120,686	28,780	28,073	28,221
Non-GAAP operating income (loss)	1,602	(737)	7,181	1,789	9,835	(3,717)	7,675	6,320
Non-GAAP operating income (loss) %	2.3%	-0.6%	5.9%	1.5%	2.2%	-4.4%	7.2%	6.2%
Interest income	797	322	248	99	1,466	77	52	61
Interest expense	-	(2,512)	(1,951)	(2,359)	(6,822)	(2,450)	(2,526)	(2,643)
Foreign currency gain (loss)	49	(254)	(45)	(1,571)	(1,821)	(697)	627	(128)
Other income	79	70	6	36	191	12	309	35
Non-GAAP income (loss) before income taxes and disc. ops.	2,527	(3,111)	5,439	(2,006)	2,849	(6,775)	6,137	3,645
Income tax benefit (provision)	663	(673)	(749)	(452)	(1,211)	(441)	(489)	728
Non-GAAP income (loss) before discontinued operations	3,190	(3,784)	4,690	(2,458)	1,638	(7,216)	5,648	4,373
Income (loss) from discontinued operations	275	224	(270)	(710)	(481)	69	(3)	26
Non-GAAP net income (loss)	\$ 3,465	\$ (3,560)	\$ 4,420	\$ (3,168)	\$ 1,157	\$ (7,147)	\$ 5,645	\$ 4,399
Non-GAAP net income (loss) %	4.9%	-2.9%	3.7%	-2.6%	0.3%	-8.5%	5.3%	4.3%
Diluted weighted average common shares	53,225	53,343	53,419	53,364	53,321	53,403	53,748	54,346
Non-GAAP diluted income (loss) per share:								
Income (loss) before discontinued operations	\$ 0.06	\$ (0.07)	\$ 0.09	\$ (0.05)	\$ 0.03	\$ (0.13)	\$ 0.11	\$ 0.08
Income (loss) from discontinued operations	0.01	-	(0.01)	(0.01)	(0.01)	-	-	-
Non-GAAP diluted income (loss) per share	\$ 0.07	\$ (0.07)	\$ 0.08	\$ (0.06)	\$ 0.02	\$ (0.13)	\$ 0.11	\$ 0.08
Non-GAAP income (loss) from continuing ops.	\$ 1,602	\$ (737)	\$ 7,181	\$ 1,789	\$ 9,835	\$ (3,717)	\$ 7,675	\$ 6,320
Depreciation and Other Amortization	2,312	2,605	2,223	2,737	9,877	2,485	2,352	2,495
Adjusted EBITDAS from continuing operations	\$ 3,914	\$ 1,868	\$ 9,404	\$ 4,526	\$ 19,712	\$ (1,232)	\$ 10,027	\$ 8,815

* Q1-2008 amounts do not include results from the company's April 1, 2008 acquisition of Thales e-transactions (TeT) businesses.

Note: See page 3 of 3 for Reconciliation from Non-GAAP to GAAP Net Income (Loss).

Disclaimer

Non-GAAP financial measures contain limitations and should be considered as a supplement to, and not as a substitute for, or superior to, disclosures made in accordance with GAAP. In accordance with Regulation G, we have provided a reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Income (Loss). The information included herein should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and the related press release dated November 3, 2009.

HYPERCOM CORPORATION

Reconciliation from Non-GAAP to GAAP Net Income (Loss)

Increase / (Reduce) adjustments from Non-GAAP Net Income (Loss)
(\$ in thousands)

	Actual Q1-2008*	Actual Q2-2008	Actual Q3-2008	Actual Q4-2008	Actual YTD-2008	Actual Q1-2009	Actual Q2-2009	Actual Q3-2009
Stock-Based Compensation								
Products	\$ 37	\$ (38)	\$ (67)	\$ (51)	\$ (119)	\$ (69)	\$ (54)	\$ (40)
Services	(1)	-	(2)	(5)	(8)	-	-	-
Cost of revenue	36	(38)	(69)	(56)	(127)	(69)	(54)	(40)
Research and development	(75)	(51)	(36)	30	(132)	(18)	(6)	(24)
Selling, general and administrative	(879)	(746)	(823)	(777)	(3,225)	(587)	(397)	(440)
Operating expense	(954)	(797)	(859)	(747)	(3,357)	(605)	(403)	(464)
Non-GAAP operating loss adjustment	(918)	(835)	(928)	(803)	(3,484)	(674)	(457)	(504)
Amortization of Purchased Intangibles								
Cost of revenue	(83)	(1,058)	(1,025)	(909)	(3,075)	(675)	(706)	(760)
Operating expense	(132)	(1,960)	(1,898)	(1,688)	(5,678)	(1,429)	(1,500)	(1,580)
Non-GAAP operating loss adjustment	(215)	(3,018)	(2,923)	(2,597)	(8,753)	(2,104)	(2,206)	(2,340)
M&A Professional Fees								
Selling, general and administrative	(1,367)	(1,727)	5	(335)	(3,424)	-	-	-
Operating benefit (expense)	(1,367)	(1,727)	5	(335)	(3,424)	-	-	-
Non-GAAP operating income (loss) adjustment	(1,367)	(1,727)	5	(335)	(3,424)	-	-	-
Restructuring and Other Special Charges								
Products	(803)	(1,755)	51	-	(2,507)	-	(100)	(2)
Services	-	-	-	-	-	-	(759)	47
Cost of revenue	(803)	(1,755)	51	-	(2,507)	-	(859)	45
Research and development	-	-	-	-	-	-	(321)	(280)
Selling, general and administrative	(494)	-	-	(100)	(594)	-	(725)	(142)
Operating expense	(494)	-	-	(100)	(594)	-	(1,046)	(422)
Non-GAAP operating income (loss) adjustment	(1,297)	(1,755)	51	(100)	(3,101)	-	(1,905)	(377)
Impairment of Goodwill and Intangible Assets								
Operating expense	-	-	-	(67,798)	(67,798)	-	-	-
Non-GAAP operating loss adjustment	-	-	-	(67,798)	(67,798)	-	-	-
Income Tax Benefit							178	-
Total Non-GAAP Loss Before Disc. Ops. Adjustment	(3,797)	(7,335)	(3,795)	(71,633)	(86,560)	(2,778)	(4,390)	(3,221)
Non-GAAP Net Income (Loss)	\$ 3,465	\$ (3,560)	\$ 4,420	\$ (3,168)	\$ 1,157	\$ (7,147)	\$ 5,645	\$ 4,399
Summary of Non-GAAP Adjustments								
Products	(766)	(1,793)	(16)	(51)	(2,626)	(69)	(154)	(42)
Services	(1)	-	(2)	(5)	(8)	-	(759)	47
Amortization of purchased intangibles	(83)	(1,058)	(1,025)	(909)	(3,075)	(675)	(706)	(760)
Cost of revenue	(850)	(2,851)	(1,043)	(965)	(5,709)	(744)	(1,619)	(755)
Research and development	(75)	(51)	(36)	30	(132)	(18)	(327)	(304)
Selling, general and administrative	(2,740)	(2,473)	(818)	(1,212)	(7,243)	(587)	(1,122)	(582)
Impairment of goodwill and intangible assets	-	-	-	(67,798)	(67,798)	-	-	-
Amortization of purchased intangibles	(132)	(1,960)	(1,898)	(1,688)	(5,678)	(1,429)	(1,500)	(1,580)
Operating expense	(2,947)	(4,484)	(2,752)	(70,668)	(80,851)	(2,034)	(2,949)	(2,466)
Total non-GAAP operating loss adjustment	(3,797)	(7,335)	(3,795)	(71,633)	(86,560)	(2,778)	(4,568)	(3,221)
Income tax benefit	-	-	-	-	-	-	178	-
Total Non-GAAP Loss Before Disc. Ops. Adjustment	(3,797)	(7,335)	(3,795)	(71,633)	(86,560)	(2,778)	(4,390)	(3,221)
GAAP Net Income (Loss)	\$ (332)	\$ (10,895)	\$ 625	\$ (74,801)	\$ (85,403)	\$ (9,925)	\$ 1,255	\$ 1,178

* Q1-2008 amounts do not include results from the company's April 1, 2008 acquisition of Thales e-transactions (TeT) businesses.

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