

HYPERCOM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
<i>(Amounts in thousands, except per share data)</i>	2009	2008
Net revenue:		
Products	\$ 57,905	\$ 49,584
Services	25,710	20,921
Total net revenue	83,615	70,505
Costs of revenue:		
Products	38,910	33,250
Services	19,711	17,612
Amortization of purchased intangible assets	675	83
Total costs of revenue	59,296	50,945
Gross profit	24,319	19,560
Operating expenses:		
Research and development	10,806	6,112
Selling, general and administrative	18,579	15,511
Amortization of purchased intangible assets	1,429	132
Total operating expenses	30,814	21,755
Loss from continuing operations	(6,495)	(2,195)
Interest income	77	797
Interest expense	(2,450)	-
Foreign currency gain (loss)	(697)	49
Other income	12	79
Loss before income taxes and discontinued operations	(9,553)	(1,270)
Benefit (provision) for income taxes	(441)	663
Loss before discontinued operations	(9,994)	(607)
Income from discontinued operations	69	275
Net loss	\$ (9,925)	\$ (332)
Basic and diluted loss per share:		
Loss before discontinued operations	\$ (0.19)	\$ (0.01)
Income (loss) from discontinued operations	-	-
Basic and diluted loss per share	\$ (0.19)	\$ (0.01)
Weighted average shares used to calculate loss per share:		
Basic	53,402,973	53,224,574
Diluted	53,402,973	53,224,574

HYPERCOM CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31, 2009	December 31, 2008
<i>(Amounts in thousands)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,095	\$ 35,978
Short-term investments	-	499
Accounts receivable, net	81,035	96,986
Current portion of net investment in sales-type leases	7,837	9,915
Inventories	36,569	31,681
Prepaid expenses and other current assets	8,991	7,106
Deferred tax assets	1,225	1,320
Total current assets	166,752	183,485
Property, plant and equipment, net	26,438	26,870
Net investment in sales-type leases	5,823	4,869
Intangible assets, net	52,364	57,311
Goodwill	25,999	26,715
Other long-term assets	7,010	7,050
Total assets	\$ 284,386	\$ 306,300
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 40,492	\$ 52,929
Accrued payroll and related expenses	13,325	16,619
Accrued sales and other taxes	6,357	7,709

Product warranty liabilities	6,445	6,597
Restructuring liabilities	7,389	7,724
Accrued other liabilities	23,153	22,866
Deferred revenue	17,673	12,177
Deferred tax liability	4,754	4,828
Income taxes payable	6,133	5,201
Total current liabilities	125,721	136,650
Long-term debt	50,899	48,769
Deferred tax liabilities, net	15,976	15,999
Other long-term liabilities	10,473	11,094
Total liabilities	203,069	212,512
Stockholders' equity	81,317	93,788
Total liabilities and stockholders' equity	\$ 284,386	\$ 306,300

HYPERCOM CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March	
	31,	
	2009	2008
<i>(Amounts in thousands)</i>		
Cash flows from continuing operations:		
Loss from continuing operations	\$ (9,994)	\$ (607)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	2,485	2,312
Amortization of purchased intangibles	2,104	215
Interest conversion to debt	1,615	-
Amortization of debt issuance costs	32	-
Amortization of discount on notes payable	703	-
Amortization of discounts on short-term investments	-	(38)
Provision (reversal) for doubtful accounts	1,363	(1,143)
Provision for excess and obsolete inventory	375	665
Provision for warranty and other product charges	1,138	495
Deferred income tax benefit (provision)	(4)	1,592
Non-cash share-based compensation	674	918
Foreign currency losses	(538)	(165)
Non-cash write-off of intangibles and other assets	345	42
Changes in operating assets and liabilities, net	(3,607)	14,664
Net cash provided by (used in) operating activities	(3,309)	18,950
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,257)	(1,265)
Proceeds from the sale of real property	-	-
Cash paid for acquisitions, net of cash acquired	(37)	(2,073)
Software development costs capitalized	-	(29)
Purchase of short-term investments	(1,376)	(14,969)
Proceeds from the sale or maturity of short-term investments	1,875	16,376
Net cash used in investing activities	(795)	(1,960)
Cash flows from financing activities:		
Borrowing in revolving line of credit	7,800	-
Repayments of bank notes payable and other debt instruments	(7,985)	(1)
Debt issuance costs	-	(125)
Proceeds from issuance of common stock	54	566
Net cash provided (used in) by financing activities	(131)	440
Effect of exchange rate changes on cash	(694)	573
Net (decrease) increase in cash flows from continuing operations	(4,929)	18,003
Net cash provided by operating activities - discontinued operations	46	167
Cash and cash equivalents, beginning of period	35,978	76,925
Cash and cash equivalents, end of period	\$ 31,095	\$ 95,095

HYPERCOM CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(Unaudited)
(Dollars in thousands)

	Three Months Ended March	
	31,	
	2009	2008
Loss from continuing operations	\$ (6,495)	\$ (2,195)
Depreciation and amortization	4,589	2,527
Stock based compensation	674	918
EBITDAS	\$ (1,232)	\$ 1,250

	Three Months Ended March	
	31,	
	2009	2008
GAAP Total net revenue	\$ 83,615	\$ 70,505
TeT Q1 pro forma revenue	-	43,144
Constant currency rate adjustment	13,524	-
Non-GAAP Total net revenue	\$ 97,139	\$ 113,649