

BlackBerry Investor Relations Supplement

GAAP Income Statement (Three Months Ended)

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Cybersecurity	\$ 113	\$ 111	\$ 106	\$ 88	\$ 418	\$ 93	\$ 79
IoT	51	51	51	53	206	45	49
Software and Services	164	162	157	141	624	138	128
Licensing and Other	4	6	12	10	32	235	4
Revenue	168	168	169	151	656	373	132
Cost of Sales	64	62	60	51	237	194	47
Gross Margin	104	106	109	100	419	179	85
Operating expenses							
Research and development	53	54	52	48	207	54	50
Selling, marketing and administration	82	86	89	83	340	99	73
Amortization	27	25	26	18	96	15	14
Impairment of long-lived assets	-	4	-	231	235	-	1
Impairment of goodwill	-	-	-	245	245	-	-
Gain on sale of property, plant and equipment, net	-	(6)	-	-	(6)	-	-
Debentures fair value adjustment	(46)	(10)	(56)	(26)	(138)	22	(6)
Litigation settlement	165	-	-	-	165	-	-
Total operating expenses	281	153	111	599	1,144	190	132
Operating Loss	(177)	(47)	(2)	(499)	(725)	(11)	(47)
Investment income (loss), net	(1)	(2)	2	6	5	3	7
Loss before income taxes	(178)	(49)	-	(493)	(720)	(8)	(40)
Provision for income taxes	3	5	4	2	14	3	2
Net Loss	\$ (181)	\$ (54)	\$ (4)	\$ (495)	\$ (734)	\$ (11)	\$ (42)
Loss per share							
Basic loss per share	\$ (0.31)	\$ (0.09)	\$ (0.01)	\$ (0.85)	\$ (1.27)	\$ (0.02)	\$ (0.07)
Diluted loss per share	\$ (0.35)	\$ (0.10)	\$ (0.09)	\$ (0.85)	\$ (1.35)	\$ (0.02)	\$ (0.07)
Weighted-average number of common shares outstanding (000s)							
Basic	576,877	577,314	578,948	581,493	578,654	582,812	583,524
Diluted	637,710	638,147	639,781	581,493	639,487	582,812	583,524

Segment Gross Margin (Three Months Ended)

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Cybersecurity							
Segment revenue	\$ 113	\$ 111	\$ 106	\$ 88	\$ 418	\$ 93	\$ 79
Segment cost of sales	53	50	46	36	185	37	36
Segment gross margin	60	61	60	52	233	56	43
Segment gross margin %	53%	55%	57%	59%	56%	60%	54%
IoT							
Segment revenue	51	51	51	53	206	45	49
Segment cost of sales	8	9	10	10	37	9	8
Segment gross margin	43	42	41	43	169	36	41
Segment gross margin %	84%	82%	80%	81%	82%	80%	84%
Licensing and Other							
Segment revenue	4	6	12	10	32	235	4
Segment cost of sales	2	2	4	4	12	147	2
Segment gross margin	2	4	8	6	20	88	2
Segment gross margin %	50%	67%	67%	60%	63%	37%	50%
Total Segment Gross Margin	105	107	109	101	422	180	86
Adjustment to cost of sales	(1)	(1)	-	(1)	(3)	(1)	(1)
Total Gross Margin	\$ 104	\$ 106	\$ 109	\$ 100	\$ 419	\$ 179	\$ 85

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Key Metrics (Three Months Ended)

	<u>Q1FY23</u>	<u>Q2FY23</u>	<u>Q3FY23</u>	<u>Q4FY23</u>		<u>Q1FY24</u>	<u>Q2FY24</u>
Cybersecurity Annual Recurring Revenue	\$ 334	\$ 321	\$ 313	\$ 298		\$ 289	\$ 279
Cybersecurity Dollar-Based Net Retention Rate	88%	85%	84%	81%		81%	81%
Cybersecurity Total Contract Value Billings	\$ 89	\$ 102	\$ 103	\$ 107		\$ 122	\$ 74
QNX Royalty Backlog	\$ 560			640			

Non-GAAP Income Statement (Three Months Ended)

	<u>Q1FY23</u>	<u>Q2FY23</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>
Cybersecurity	\$ 113	\$ 111	\$ 106	\$ 88	\$ 418	\$ 93	\$ 79
IoT	51	51	51	53	206	45	49
Software and Services	164	162	157	141	624	138	128
Licensing and Other	4	6	12	10	32	235	4
Revenue	168	168	169	151	656	373	132
Cost of Sales	63	61	60	50	234	193	46
Adjusted Gross Margin	105	107	109	101	422	180	86
Operating expenses							
Research and development	51	52	50	45	198	52	48
Selling, marketing and administration	77	80	83	70	310	88	62
Amortization	4	3	4	3	14	5	4
Gain on sale of property, plant and equipment, net	-	(6)	-	-	(6)	-	-
Total adjusted operating expenses	132	129	137	118	516	145	114
Adjusted Operating Income (Loss)	(27)	(22)	(28)	(17)	(94)	35	(28)
Investment income (loss), net	(1)	(2)	2	6	5	3	7
Adjusted Income (Loss) before income taxes	(28)	(24)	(26)	(11)	(89)	38	(21)
Provision for income taxes	3	5	4	2	14	3	2
Adjusted Net Income (Loss)	\$ (31)	\$ (29)	\$ (30)	\$ (13)	\$ (103)	\$ 35	\$ (23)
Adjusted EBITDA	\$ (21)	\$ (16)	\$ (22)	\$ (12)	\$ (71)	\$ 41	\$ (22)
Adjusted earnings (loss) per share							
Basic and diluted earnings (loss) per share	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.02)	\$ (0.18)	\$ 0.06	\$ (0.04)

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Reconciliation of non-GAAP based measures with most directly comparable U.S. GAAP based measures

Non-GAAP Adjustments (Three Months Ended)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Debentures fair value adjustment	(46)	(10)	(56)	(26)	(138)	22	(6)
Restructuring charges	1	3	-	7	11	5	3
Stock compensation expense	7	6	8	10	31	9	11
Acquired intangibles amortization	23	22	22	15	82	10	10
Impairment of long-lived assets	-	4	-	231	235	-	1
Impairment of goodwill	-	-	-	245	245	-	-
Litigation settlement	165	-	-	-	165	-	-
Total Non-GAAP Adjustments	\$ 150	\$ 25	\$ (26)	\$ 482	\$ 631	\$ 46	\$ 19
Adjusted Gross Margin	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP revenue	\$ 168	\$ 168	\$ 169	\$ 151	\$ 656	\$ 373	\$ 132
Total cost of sales	64	62	60	51	237	194	47
Non-GAAP adjustments to cost of sales	(1)	(1)	-	(1)	(3)	(1)	(1)
Adjusted Gross Margin	\$ 105	\$ 107	\$ 109	\$ 101	\$ 422	\$ 180	\$ 86
Adjusted Gross Margin %	63%	64%	64%	67%	64%	48%	65%
Research and development	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP research and development expense	\$ 53	\$ 54	\$ 52	\$ 48	\$ 207	\$ 54	\$ 50
Stock compensation expense	2	2	2	3	9	2	2
Adjusted research and development expense	\$ 51	\$ 52	\$ 50	\$ 45	\$ 198	\$ 52	\$ 48
Selling, marketing and administration	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP selling, marketing and administration expense	\$ 82	\$ 86	\$ 89	\$ 83	\$ 340	\$ 99	\$ 73
Restructuring charges	1	3	-	7	11	5	3
Stock compensation expense	4	3	6	6	19	6	8
Adjusted selling, marketing and administration expense	\$ 77	\$ 80	\$ 83	\$ 70	\$ 310	\$ 88	\$ 62
Amortization	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP amortization expense	\$ 27	\$ 25	\$ 26	\$ 18	\$ 96	\$ 15	\$ 14
Acquired intangibles amortization	23	22	22	15	82	10	10
Adjusted amortization expense	\$ 4	\$ 3	\$ 4	\$ 3	\$ 14	\$ 5	\$ 4
Adjusted EBITDA	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP operating loss	\$ (177)	\$ (47)	\$ (2)	\$ (499)	\$ (725)	\$ (11)	\$ (47)
Non-GAAP adjustments to operating loss	150	25	(26)	482	631	46	19
Adjusted operating income (loss)	(27)	(22)	(28)	(17)	(94)	35	(28)
Amortization	29	28	28	20	105	16	16
Acquired intangibles amortization	(23)	(22)	(22)	(15)	(82)	(10)	(10)
Adjusted EBITDA	\$ (21)	\$ (16)	\$ (22)	\$ (12)	\$ (71)	\$ 41	\$ (22)
Reconciliation from GAAP Net Loss to Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
GAAP net loss	\$ (181)	\$ (54)	\$ (4)	\$ (495)	\$ (734)	\$ (11)	\$ (42)
Total Non-GAAP adjustments (Three months ended, after-tax)	150	25	(26)	482	631	46	19
Adjusted Net Income (Loss)	\$ (31)	\$ (29)	\$ (30)	\$ (13)	\$ (103)	\$ 35	\$ (23)
Adjusted Earnings (Loss) per Share	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.02)	\$ (0.18)	\$ 0.06	\$ (0.04)
Shares outstanding for adjusted earnings (loss) per share reconciliation	576,877	577,314	578,948	581,493	578,654	582,812	583,524

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Pre-Tax Restructuring Details

	<u>Q1FY23</u>	<u>Q2FY23</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>
Restructuring charges							
Cost of Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, marketing and administration	1	3	-	7	11	5	3
Total restructuring charges	\$ 1	\$ 3	\$ -	\$ 7	\$ 11	\$ 5	\$ 3

Amortization of Intangibles and Property, Plant and Equipment Details

	<u>Q1FY23</u>	<u>Q2FY23</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>
Cost of sales amortization							
Property, plant and equipment	\$ -	\$ 2	\$ -	\$ 1	\$ 3	\$ -	\$ 2
Intangible assets	2	1	2	1	6	1	-
Total in cost of sales amortization	2	3	2	2	9	1	2
Operating expenses amortization							
Property, plant and equipment	4	1	2	2	9	3	1
Intangible assets	23	24	24	16	87	12	13
Total in operating expenses amortization	27	25	26	18	96	15	14
Total amortization							
Property, plant and equipment	4	3	2	3	12	3	3
Intangible assets	25	25	26	17	93	13	13
Total amortization	\$ 29	\$ 28	\$ 28	\$ 20	\$ 105	\$ 16	\$ 16

Adjusted income (loss) before income taxes, adjusted net income (loss), adjusted Gross Margin, adjusted gross margin percentage, adjusted Operating Income (Loss), adjusted Net Income (Loss), adjusted EBITDA, and adjusted Earnings (Loss) Per Share, adjusted research and development expense, adjusted selling, marketing and administrative expense, and adjusted amortization expense do not have standardized meanings prescribed by GAAP and thus are not comparable to similarly titled measures presented by other issuers. The Company believes that the presentation of these non-GAAP measures and non-GAAP ratios enables the Company and its shareholders to better assess the Company's operating results relative to its operating results in prior periods and improves the comparability of the information presented. This non-GAAP information should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. You are encouraged to review the Company's filings on SEDAR and EDGAR. The company makes no commitment to update the information above subsequently.

Key metrics such as Annual Recurring Revenue ("ARR"), Dollar-Based Net Retention Rate ("DBNRR"), Cybersecurity Total Contract Value ("TCV") Billings and QNX Royalty Backlog do not have standardized meanings and are unlikely to be comparable to similarly titled measures reported by other companies. The Company regularly monitors a number of financial and operating metrics, including key metrics, in order to measure the Company's current performance and estimate future performance.