

BlackBerry Investor Relations Supplement

GAAP Income Statement (Three Months Ended)

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
Cyber Security	\$ 119	\$ 120	\$ 130	\$ 122	\$ 491	\$ 107	\$ 120
IoT	29	31	32	38	130	43	40
Software and Services	148	151	162	160	621	150	160
Licensing and Other	58	108	56	50	272	24	15
Revenue	206	259	218	210	893	174	175
Cost of Sales	63	60	69	58	250	60	63
Gross Margin	143	199	149	152	643	114	112
Operating expenses					-		
Research and development	57	57	53	48	215	57	58
Selling, marketing and administration	90	79	83	92	344	73	83
Amortization	46	46	45	45	182	46	45
Impairment of long-lived assets	-	21	-	22	43	-	-
Impairment of goodwill	594	-	-	-	594	-	-
Debentures fair value adjustment	1	18	95	258	372	(4)	67
Total operating expenses	788	221	276	465	1,750	172	253
Operating Loss	(645)	(22)	(127)	(313)	(1,107)	(58)	(141)
Investment loss, net	-	(5)	(1)	-	(6)	(2)	(1)
Loss before income taxes	(645)	(27)	(128)	(313)	(1,113)	(60)	(142)
Provision for (recovery of) income taxes	(9)	(4)	2	2	(9)	2	2
Net Loss	\$ (636)	\$ (23)	\$ (130)	\$ (315)	\$ (1,104)	\$ (62)	\$ (144)
Loss per share							
Basic loss per share	\$ (1.14)	\$ (0.04)	\$ (0.23)	\$ (0.56)	\$ (1.97)	\$ (0.11)	\$ (0.25)
Diluted loss per share	\$ (1.14)	\$ (0.04)	\$ (0.23)	\$ (0.56)	\$ (1.97)	\$ (0.11)	\$ (0.25)
Weighted-average number of common shares outstanding (000s)							
Basic	557,839	558,882	562,443	566,089	561,305	567,358	568,082
Diluted	557,839	558,882	562,443	566,089	561,305	567,358	568,082

Segment Gross Margin (Three Months Ended)

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
Cyber Security							
Segment revenue	\$ 119	\$ 120	\$ 130	\$ 122	\$ 491	\$ 107	\$ 120
Segment cost of sales	47	46	53	46	192	46	49
Segment gross margin	72	74	77	76	299	61	71
Segment gross margin %	61%	62%	59%	62%	61%	57%	59%
IoT							
Segment revenue	29	31	32	38	130	43	40
Segment cost of sales	6	6	6	5	23	7	7
Segment gross margin	23	25	26	33	107	36	33
Segment gross margin %	79%	81%	81%	87%	82%	84%	83%
Licensing and Other							
Segment revenue	58	108	56	50	272	24	15
Segment cost of sales	8	7	9	6	30	6	6
Segment gross margin	50	101	47	44	242	18	9
Segment gross margin %	86%	94%	84%	88%	89%	75%	60%
Total Segment Gross Margin	145	200	150	153	648	115	113
Adjustment to cost of sales	(2)	(1)	(1)	(1)	(5)	(1)	(1)
Total Gross Margin	\$ 143	\$ 199	\$ 149	\$ 152	\$ 643	\$ 114	\$ 112

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Key Metrics (Three Months Ended)

Annual Recurring Revenue

Cyber Security

IoT

Dollar-Based Net Retention Rate

Cyber Security

QNX Royalty Revenue Backlog

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>		<u>Q1FY22</u>	<u>Q2FY22</u>
	\$ 370	\$ 367	\$ 365	\$ 369		\$ 364	\$ 364
	\$ 103	\$ 92	\$ 88	\$ 84		\$ 86	\$ 89
	100%	100%	95%	95%		94%	95%
	\$ 450					\$ 490	

Non-GAAP Income Statement

(Three Months Ended)

Cyber Security

IoT

Software and Services

Licensing and Other

Revenue

Cost of Sales

Adjusted Gross Margin

Operating expenses

Research and development

Selling, marketing and administration

Amortization

Total adjusted operating expenses

Adjusted Operating Income (Loss)

Investment loss, net

Adjusted Income (Loss) before income taxes

Provision for (recovery of) income taxes

Adjusted Net Income (Loss)

Adjusted EBITDA

Adjusted earnings (loss) per share

Basic and diluted earnings (loss) per share

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
	\$ 119	\$ 120	\$ 130	\$ 122	\$ 491	\$ 107	\$ 120
	29	31	32	38	130	43	40
	148	151	162	160	621	150	160
	58	108	56	50	272	24	15
	206	259	218	210	893	174	175
	61	59	68	57	245	59	62
	145	200	150	153	648	115	113
					-		
	54	55	50	45	204	55	56
	80	72	75	79	306	69	74
	13	14	13	13	53	14	13
	147	141	138	137	563	138	143
	(2)	59	12	16	85	(23)	(30)
	-	(5)	(1)	-	(6)	(2)	(1)
	(2)	54	11	16	79	(25)	(31)
	(9)	(4)	2	2	(9)	2	2
	\$ 7	\$ 58	\$ 9	\$ 14	\$ 88	\$ (27)	\$ (33)
	\$ 15	\$ 77	\$ 29	\$ 33	\$ 154	\$ (6)	\$ (14)
	\$ 0.01	\$ 0.10	\$ 0.02	\$ 0.02	\$ 0.16	\$ (0.05)	\$ (0.06)

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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, Pre-Tax and After Tax)

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
Debentures fair value adjustment	1	18	95	258	372	(4)	67
Restructuring charges	1	1	-	-	2	-	-
Stock compensation expense	14	9	12	17	52	7	12
Acquired intangibles amortization	33	32	32	32	129	32	32
Goodwill impairment charge	594	-	-	-	594	-	-
LLA impairment charge	-	21	-	22	43	-	-
Total Non-GAAP Adjustments	\$ 643	\$ 81	\$ 139	\$ 329	\$ 1,192	\$ 35	\$ 111

Adjusted Gross Margin

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP revenue	\$ 206	\$ 259	\$ 218	\$ 210	\$ 893	\$ 174	\$ 175
Total cost of sales	63	60	69	58	250	60	63
Non-GAAP adjustments to cost of sales	(2)	(1)	(1)	(1)	(5)	(1)	(1)
Adjusted Gross Margin	\$ 145	\$ 200	\$ 150	\$ 153	\$ 648	\$ 115	\$ 113
Adjusted Gross Margin %	70%	77%	69%	73%	73%	66%	65%

Research and development

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP research and development expense	\$ 57	\$ 57	\$ 53	\$ 48	\$ 215	\$ 57	\$ 58
Stock compensation expense	3	2	3	3	11	2	2
Adjusted research and development expense	\$ 54	\$ 55	\$ 50	\$ 45	\$ 204	\$ 55	\$ 56

Selling, marketing and administration

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP selling, marketing and administration expense	\$ 90	\$ 79	\$ 83	\$ 92	\$ 344	\$ 73	\$ 83
Restructuring charges	1	1	-	-	2	-	-
Stock compensation expense	9	6	8	13	36	4	9
Adjusted selling, marketing and administration expense	\$ 80	\$ 72	\$ 75	\$ 79	\$ 306	\$ 69	\$ 74

Amortization

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP amortization expense	\$ 46	\$ 46	\$ 45	\$ 45	\$ 182	\$ 46	\$ 45
Acquired intangibles amortization	33	32	32	32	129	32	32
Adjusted amortization expense	\$ 13	\$ 14	\$ 13	\$ 13	\$ 53	\$ 14	\$ 13

Adjusted EBITDA

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP operating loss	\$ (645)	\$ (22)	\$ (127)	\$ (313)	\$ (1,107)	\$ (58)	\$ (141)
Non-GAAP adjustments to operating loss	643	81	139	329	1,192	35	111
Adjusted operating income (loss)	(2)	59	12	16	85	(23)	(30)
Amortization	50	50	49	49	198	49	48
Acquired intangibles amortization	(33)	(32)	(32)	(32)	(129)	(32)	(32)
Adjusted EBITDA	\$ 15	\$ 77	\$ 29	\$ 33	\$ 154	\$ (6)	\$ (14)

Reconciliation from GAAP Net Loss to Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
GAAP net loss	\$ (636)	\$ (23)	\$ (130)	\$ (315)	\$ (1,104)	\$ (62)	\$ (144)
Total Non-GAAP adjustments (Three months ended, after-tax)	643	81	139	329	1,192	35	111
Adjusted Net Income (Loss)	\$ 7	\$ 58	\$ 9	\$ 14	\$ 88	\$ (27)	\$ (33)
Adjusted Earnings (Loss) per Share	\$ 0.01	\$ 0.10	\$ 0.02	\$ 0.02	\$ 0.16	\$ (0.05)	\$ (0.06)
Shares outstanding for adjusted earnings (loss) per share reconciliation	557,839	558,882	562,443	566,089	561,305	567,358	568,082

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Amortization of Intangibles and Property, Plant and Equipment Details

	<u>Q1FY21</u>	<u>Q2FY21</u>	<u>Q3FY21</u>	<u>Q4FY21</u>	<u>FY21</u>	<u>Q1FY22</u>	<u>Q2FY22</u>
Cost of sales amortization							
Property, plant and equipment	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 1	\$ 1
Intangible assets	3	3	3	3	12	2	2
Total in cost of sales amortization	4	4	4	4	16	3	3
Operating expenses amortization							
Property, plant and equipment	4	5	4	4	17	3	3
Intangible assets	42	41	41	41	165	43	42
Total in operating expenses amortization	46	46	45	45	182	46	45
Total amortization							
Property, plant and equipment	5	6	5	5	21	4	4
Intangible assets	45	44	44	44	177	45	44
Total amortization	\$ 50	\$ 50	\$ 49	\$ 49	\$ 198	\$ 49	\$ 48

Adjusted income (loss) before income taxes, adjusted net income (loss), adjusted gross margin, 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 a standardized meaning 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 enables the Company and its shareholders to better assess the Company's operating 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"), and QNX Royalty Revenue Backlog do not have a standardized meaning 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. In the first quarter of fiscal 2022, the Company discontinued its use of software deferred revenue acquired in its key metrics as the Company no longer reports non-GAAP revenue. For the purposes of comparability, the Company's key metrics for the prior year have been updated to conform to the current year's presentation.