

BlackBerry Investor Relations Supplement

GAAP Income Statement (Three Months Ended)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23
Cybersecurity	\$ 107	\$ 120	\$ 128	\$ 122	\$ 477	\$ 113
IoT	43	40	43	52	178	51
Software and Services	150	160	171	174	655	164
Licensing and Other	24	15	13	11	63	4
Revenue	174	175	184	185	718	168
Cost of Sales	60	63	67	61	251	64
Gross Margin	114	112	117	124	467	104
Operating expenses					-	
Research and development	57	58	57	47	219	53
Selling, marketing and administration	73	83	77	64	297	82
Amortization	46	45	42	32	165	27
Debentures fair value adjustment	(4)	67	(110)	(165)	(212)	(46)
Litigation settlement	-	-	-	-	-	165
Total operating expenses	172	253	66	(22)	469	281
Operating Income (Loss)	(58)	(141)	51	146	(2)	(177)
Investment income (loss), net	(2)	(1)	25	(1)	21	(1)
Income (Loss) before income taxes	(60)	(142)	76	145	19	(178)
Provision for income taxes	2	2	2	1	7	3
Net Income (Loss)	\$ (62)	\$ (144)	\$ 74	\$ 144	\$ 12	\$ (181)
Earnings (Loss) per share						
Basic earnings (loss) per share	\$ (0.11)	\$ (0.25)	\$ 0.13	\$ 0.25	\$ 0.02	\$ (0.31)
Diluted loss per share	\$ (0.11)	\$ (0.25)	\$ (0.05)	\$ (0.03)	\$ (0.31)	\$ (0.35)
Weighted-average number of common shares outstanding (000s)						
Basic	567,358	568,082	571,138	575,883	570,607	576,877
Diluted	567,358	568,082	631,971	636,716	631,440	637,710

Segment Gross Margin (Three Months Ended)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23
Cybersecurity						
Segment revenue	\$ 107	\$ 120	\$ 128	\$ 122	\$ 477	\$ 113
Segment cost of sales	46	49	52	47	194	53
Segment gross margin	61	71	76	75	283	60
Segment gross margin %	57%	59%	59%	61%	59%	53%
IoT						
Segment revenue	43	40	43	52	178	51
Segment cost of sales	7	7	8	8	30	8
Segment gross margin	36	33	35	44	148	43
Segment gross margin %	84%	83%	81%	85%	83%	84%
Licensing and Other						
Segment revenue	24	15	13	11	63	4
Segment cost of sales	6	6	6	5	23	2
Segment gross margin	18	9	7	6	40	2
Segment gross margin %	75%	60%	54%	55%	63%	50%
Total Segment Gross Margin	115	113	118	125	471	105
Adjustment to cost of sales	(1)	(1)	(1)	(1)	(4)	(1)
Total Gross Margin	\$ 114	\$ 112	\$ 117	\$ 124	\$ 467	\$ 104

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Key Metrics (Three Months Ended)

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>		<u>Q1FY23</u>
Annual Recurring Revenue						
Cybersecurity	\$ 364	\$ 364	\$ 358	\$ 347		\$ 334
IoT	\$ 86	\$ 89	\$ 91	\$ 93		\$ 94
Dollar-Based Net Retention Rate						
Cybersecurity	94%	95%	95%	91%		88%
Cybersecurity Total Contract Value Billings	\$ 77	\$ 104	\$ 112	\$ 125		\$ 89
QNX Royalty Revenue Backlog	\$ 490					\$ 560

Non-GAAP Income Statement (Three Months Ended)

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
Cybersecurity	\$ 107	\$ 120	\$ 128	\$ 122	\$ 477	\$ 113
IoT	43	40	43	52	178	51
Software and Services	150	160	171	174	655	164
Licensing and Other	24	15	13	11	63	4
Revenue	174	175	184	185	718	168
Cost of Sales	59	62	66	60	247	63
Adjusted Gross Margin	115	113	118	125	471	105
Operating expenses						
Research and development	55	56	55	45	211	51
Selling, marketing and administration	69	74	74	62	279	77
Amortization	14	13	13	10	50	4
Total adjusted operating expenses	138	143	142	117	540	132
Adjusted Operating Income (Loss)	(23)	(30)	(24)	8	(69)	(27)
Investment income (loss), net	(2)	(1)	25	(1)	21	(1)
Adjusted Income (Loss) before income taxes	(25)	(31)	1	7	(48)	(28)
Provision for income taxes	2	2	2	1	7	3
Adjusted Net Income (Loss)	\$ (27)	\$ (33)	\$ (1)	\$ 6	\$ (55)	\$ (31)
Adjusted EBITDA	\$ (6)	\$ (14)	\$ (8)	\$ 20	\$ (8)	\$ (21)
Adjusted earnings (loss) per share						
Basic and diluted earnings (loss) per share	\$ (0.05)	\$ (0.06)	\$ (0.00)	\$ 0.01	\$ (0.10)	\$ (0.05)

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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)

Debentures fair value adjustment	(4)	67	(110)	(165)	(212)	(46)
Restructuring charges	-	-	-	-	-	1
Stock compensation expense	7	12	6	5	30	7
Acquired intangibles amortization	32	32	29	22	115	23
Litigation settlement	-	-	-	-	-	165

Total Non-GAAP Adjustments

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ 35	\$ 111	\$ (75)	\$ (138)	\$ (67)	\$ 150

Adjusted Gross Margin

GAAP revenue	\$ 174	\$ 175	\$ 184	\$ 185	\$ 718	\$ 168
Total cost of sales	60	63	67	61	251	64
Non-GAAP adjustments to cost of sales	(1)	(1)	(1)	(1)	(4)	(1)

Adjusted Gross Margin

Adjusted Gross Margin %

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ 115	\$ 113	\$ 118	\$ 125	\$ 471	\$ 105
	66%	65%	64%	68%	66%	63%

Research and development

GAAP research and development expense	\$ 57	\$ 58	\$ 57	\$ 47	\$ 219	\$ 53
Stock compensation expense	2	2	2	2	8	2

Adjusted research and development expense

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ 55	\$ 56	\$ 55	\$ 45	\$ 211	\$ 51

Selling, marketing and administration

GAAP selling, marketing and administration expense	\$ 73	\$ 83	\$ 77	\$ 64	\$ 297	\$ 82
Restructuring charges	-	-	-	-	-	1
Stock compensation expense	4	9	3	2	18	4

Adjusted selling, marketing and administration expense

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ 69	\$ 74	\$ 74	\$ 62	\$ 279	\$ 77

Amortization

GAAP amortization expense	\$ 46	\$ 45	\$ 42	\$ 32	\$ 165	\$ 27
Acquired intangibles amortization	32	32	29	22	115	23

Adjusted amortization expense

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ 14	\$ 13	\$ 13	\$ 10	\$ 50	\$ 4

Adjusted EBITDA

GAAP operating income (loss)	\$ (58)	\$ (141)	\$ 51	\$ 146	\$ (2)	\$ (177)
Non-GAAP adjustments to operating income (loss)	35	111	(75)	(138)	(67)	150
Adjusted operating income (loss)	(23)	(30)	(24)	8	(69)	(27)
Amortization	49	48	45	34	176	29
Acquired intangibles amortization	(32)	(32)	(29)	(22)	(115)	(23)

Adjusted EBITDA

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ (6)	\$ (14)	\$ (8)	\$ 20	\$ (8)	\$ (21)

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

GAAP net income (loss)	\$ (62)	\$ (144)	\$ 74	\$ 144	\$ 12	\$ (181)
Total Non-GAAP adjustments (Three months ended, after-tax)	35	111	(75)	(138)	(67)	150

Adjusted Net Income (Loss)

Adjusted Earnings (Loss) per Share

Shares outstanding for adjusted earnings (loss) per share reconciliation

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
	\$ (27)	\$ (33)	\$ (1)	\$ 6	\$ (55)	\$ (31)
	\$ (0.05)	\$ (0.06)	\$ (0.00)	\$ 0.01	\$ (0.10)	\$ (0.05)
	567,358	568,082	571,138	575,883	570,607	576,877

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Pre-Tax Restructuring Details

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
Restructuring charges						
Cost of Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, marketing and administration	-	-	-	-	-	1
Total restructuring charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1

Amortization of Intangibles and Property, Plant and Equipment Details

	<u>Q1FY22</u>	<u>Q2FY22</u>	<u>Q3FY22</u>	<u>Q4FY22</u>	<u>FY22</u>	<u>Q1FY23</u>
Cost of sales amortization						
Property, plant and equipment	\$ 1	\$ 1	\$ -	\$ 1	\$ 3	\$ -
Intangible assets	2	2	3	1	8	2
Total in cost of sales amortization	3	3	3	2	11	2
Operating expenses amortization						
Property, plant and equipment	3	3	4	2	12	4
Intangible assets	43	42	38	30	153	23
Total in operating expenses amortization	46	45	42	32	165	27
Total amortization						
Property, plant and equipment	4	4	4	3	15	4
Intangible assets	45	44	41	31	161	25
Total amortization	\$ 49	\$ 48	\$ 45	\$ 34	\$ 176	\$ 29

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 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 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 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.