

BlackBerry Investor Relations Income Statement Summary

GAAP Income Statement (Three Months Ended)	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>
Enterprise software and services	\$ 92	\$ 91	\$ 97	\$ 108	\$ 388	\$ 79	\$ 88
BlackBerry Technology Solutions	36	38	43	46	163	47	49
Licensing, IP & other	32	56	50	58	196	63	56
Software and services	160	185	190	212	747	189	193
Handheld devices	37	16	9	2	64	8	5
Service access fees	38	37	27	19	121	16	12
Revenue	235	238	226	233	932	213	210
Cost of sales	85	63	58	56	262	52	49
Gross margin	150	175	168	177	670	161	161
Operating expenses							
Research and development	61	60	60	58	239	61	51
Selling, marketing and administration	110	113	120	133	476	100	106
Amortization	40	39	37	37	153	37	35
Impairment of long-lived assets	—	11	—	—	11	—	—
Debentures fair value adjustment	218	(70)	77	(34)	191	28	(70)
Arbitration awards (charges)	(815)	—	132	—	(683)	—	—
Total operating expenses	(386)	153	426	194	387	226	122
Operating income (loss)	536	22	(258)	(17)	283	(65)	39
Investment income (loss), net	136	1	(17)	3	123	6	5
Income (loss) before income taxes	672	23	(275)	(14)	406	(59)	44
Provision for (recovery of) income taxes	1	4	—	(4)	1	1	1
Net income (loss)	\$ 671	\$ 19	\$ (275)	\$ (10)	\$ 405	\$ (60)	\$ 43
Earnings (loss) per share							
Basic earnings (loss) per share	\$ 1.26	\$ 0.04	\$ (0.52)	\$ (0.02)	\$ 0.76	\$ (0.11)	\$ 0.08
Diluted earnings (loss) per share	\$ 1.23	\$ (0.08)	\$ (0.52)	\$ (0.06)	\$ 0.74	\$ (0.11)	\$ (0.04)
Weighted-average number of common shares outstanding (000s)							
Basic	531,096	531,381	532,496	536,594	532,888	536,964	537,299
Diluted	544,077	591,881	532,496	597,094	545,886	536,964	597,799
Non-GAAP Adjustments (Three Months Ended, Pre-Tax and After Tax)	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>
LLA impairment charge	\$ —	\$ 11	\$ —	\$ —	\$ 11	\$ —	\$ —
Debentures fair value adjustment	218	(70)	77	(34)	191	28	(70)
Restructuring charges	17	18	20	28	82	4	3
Software deferred revenue acquired	9	11	9	6	35	4	4
Stock compensation expense	13	12	12	13	49	18	21
Acquired intangibles amortization	25	24	23	22	95	22	22
Business acquisition and integration	11	1	1	—	14	1	(2)
Arbitration charges (awards)	(954)	—	149	(1)	(806)	—	—
Legacy royalty adjustments	—	—	—	1	1	—	—
Total Non-GAAP Adjustments	\$ (661)	\$ 7	\$ 291	\$ 35	\$ (328)	\$ 77	\$ (22)
Non-GAAP Gross Profit	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>
GAAP revenue	\$ 235	\$ 238	\$ 226	\$ 233	\$ 932	\$ 213	\$ 210
Software deferred revenue acquired	9	11	9	6	35	4	4
Non-GAAP revenue	244	249	235	239	967	217	214
Total cost of sales	85	63	58	56	262	52	49
Non-GAAP adjustments to cost of sales	(4)	(4)	(3)	(5)	(16)	(1)	(2)
Non-GAAP Gross Profit	\$ 163	\$ 190	\$ 180	\$ 188	\$ 721	\$ 166	\$ 167

Adjusted EBITDA	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY18	Q1 FY19	Q2 FY19
GAAP operating income (loss)	\$ 536	\$ 22	\$ (258)	\$ (17)	\$ 283	\$ (65)	\$ 39
Non-GAAP adjustments to operating income (loss)	(522)	7	274	36	(205)	77	(22)
Non-GAAP operating income	14	29	16	19	78	12	17
Amortization	51	45	42	39	177	41	38
Acquired intangibles amortization	(25)	(24)	(23)	(22)	(95)	(22)	(22)
Adjusted EBITDA	\$ 40	\$ 50	\$ 35	\$ 36	\$ 160	\$ 31	\$ 33
Reconciliation from GAAP Net Income (Loss) to Non-GAAP Net Income and Non-GAAP Earnings per Share	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY18	Q1 FY19	Q2 FY19
GAAP net income (loss)	\$ 671	\$ 19	\$ (275)	\$ (10)	\$ 405	\$ (60)	\$ 43
Total Non-GAAP adjustments (three months ended, after-tax)	(661)	7	291	35	(328)	77	(22)
Non-GAAP Net Income	\$ 10	\$ 26	\$ 16	\$ 25	\$ 77	\$ 17	\$ 21
Non-GAAP Earnings per Share	\$ 0.02	\$ 0.05	\$ 0.03	\$ 0.05	\$ 0.14	\$ 0.03	\$ 0.04
Shares outstanding for Non-GAAP earnings per share reconciliation	531,096	531,381	532,496	536,594	532,888	536,964	537,299

Non-GAAP revenue, non-GAAP income before income taxes, non-GAAP net income, non-GAAP gross profit, adjusted EBITDA and non-GAAP earnings per share 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 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.

BlackBerry Investor Relations Pre-Tax Restructuring Details

	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>
Cost of sales	\$ 3	\$ 3	\$ 2	\$ 3	\$ 11	\$ —	\$ 1
Research and development	3	1	1	—	5	2	—
Selling, marketing and administration	11	14	17	25	66	2	2
Total restructuring charges	\$ 17	\$ 18	\$ 20	\$ 28	\$ 82	\$ 4	\$ 3

BlackBerry Investor Relations Amortization of Intangibles and Property, Plant and Equipment Details

	<u>Q1 FY18</u>	<u>Q2 FY18</u>	<u>Q3 FY18</u>	<u>Q4 FY18</u>	<u>FY18</u>	<u>Q1 FY19</u>	<u>Q2 FY19</u>
Cost of sales amortization							
Property, plant and equipment	\$ 7	\$ 4	\$ 5	\$ 2	\$ 18	\$ 2	\$ 1
Intangible assets	4	2	—	—	6	2	2
Total in cost of sales	11	6	5	2	24	4	3
Operating expenses amortization							
Property, plant and equipment	5	5	3	5	18	3	3
Intangible assets	35	34	34	32	135	34	32
Total in operating expenses amortization	40	39	37	37	153	37	35
Total amortization							
Property, plant and equipment	12	9	8	7	36	5	4
Intangible assets	39	36	34	32	141	36	34
Total amortization	\$ 51	\$ 45	\$ 42	\$ 39	\$ 177	\$ 41	\$ 38

The information above is supplied to provide meaningful supplemental information regarding the Company's operating results because such information excludes amounts that are not necessarily related to its operating results. The Company believes that the presentation of these non-GAAP measures 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.