

 Investor Day 2024

Accelerating Value Creation

Unlocking the Potential of Two Powerful Franchises

Tim Foote

Chief Financial Officer, BlackBerry

 **BlackBerry** Intelligent Security. Everywhere.



Safe Harbor and Non-GAAP Financial Measures

Safe Harbor Statement

This presentation contains forward-looking statements which are made pursuant to the safe harbor provisions of applicable U.S. and Canadian securities laws, including statements regarding plans, strategies and objectives of BlackBerry Limited (the “Company”) as well as the financial performance of the Company, its divisions and businesses and the Company’s expectations as to the achievement of certain targeted metrics, including revenue, EBITDA, adjusted EBITDA, gross margin gross profits, expenses and operating cash flows at any future date or for any future period. Forward-looking statements are indicated by using words such as expect, anticipate, estimate, may, will, should, model, intend, believe, target, plan and similar expressions. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors that the Company believes are appropriate in the circumstances, including but not limited to, the Company’s expectations regarding its business, strategy, opportunities and prospects, the launch of new products and services, general economic conditions, competition, the Company’s expectations regarding its financial performance, and the Company’s expectations regarding the benefits of its business separation. All of these factors should be considered carefully, no undue reliance should be placed on the Company’s forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to the risks that are inherent in all forward-looking statements, as described above, as well as difficulties in forecasting the Company’s financial results and performance for future periods, particularly over longer periods. Many factors could cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including those described in the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” sections of the Company’s Annual Report on Form 10-K for the fiscal year ended February 29, 2024 (copies of which filings may be obtained at www.sedarplus.ca or www.sec.gov). Any forward-looking statements are made only as of today and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Further information concerning the Company and its business, including factors that could materially affect the Company’s financial results, is included in the Company’s reports and filings with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities.

Use of Non-GAAP Financial Measures

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Clear Priorities as New CFO

Building on a solid foundation...

- High standards for external reporting and financial control
- Strong finance team culture built around top talent
- Commitment to supporting enterprise-wide cost reduction efforts

...to accelerate value creation

- Clear capital allocation priorities with a focus on growth engines
- Reduced investment in areas where returns are unclear
- Increased focus on profitable growth and margin expansion
- **Enhanced communication and financial transparency**

Providing Greater Clarity for Investors

Taking meaningful steps to...



Increase financial transparency

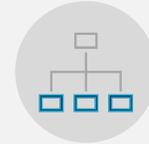


Enhance investors' ability to value the BlackBerry portfolio

by presenting BlackBerry's financials in four subcomponents:

- 1) IoT
- 2) Cybersecurity
- 3) IP Licensing
- 4) Corporate

Key Elements of Financial Separation



Allocated Costs for Each Division

- Majority of costs fully separated, including most G&A
- Small number or remaining shared functions are subject to clearly-defined central service agreements



Remaining Corporate Costs

- Elements of G&A where splitting is not possible or would create dyssynergies, including:
 - Public Company costs
 - Legacy litigation costs
 - Restructuring costs in run-off
 - Central finance, e.g., SOX, financial reporting

Improving Investors' Ability to Understand and Appropriately Value the BlackBerry Franchise

 Investor Day 2024

Unlocking Value in Cybersecurity

Tim Foote
Chief Financial Officer, BlackBerry

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Optimizing Our Valuable Cybersecurity Portfolio

Secure Communications



BlackBerry. UEM

Highly secure, leading UEM solution. Market-leader for on-premise deployment



BlackBerry. AtHoc

#1 Critical Events Management solution in US Federal Govt



Highly secure encrypted voice and data solution trusted by NATO and governments around world

Endpoint Security



CYLANCE

Leading AI/ML endpoint security solution with most patents

Range of MDR and XDR managed service solutions to address large opportunity

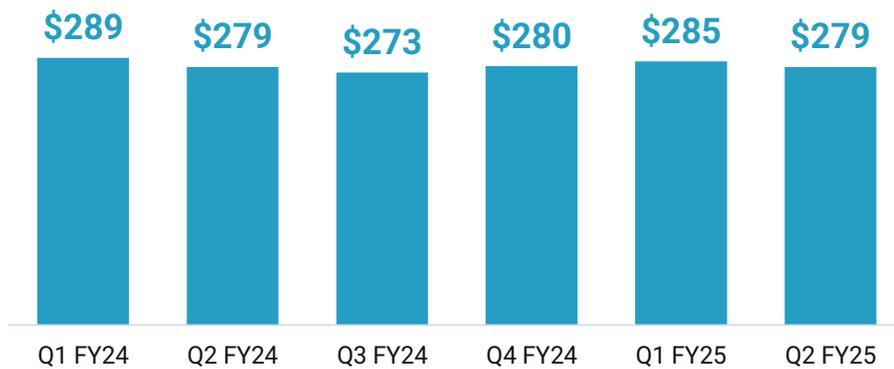
- **Profitable, stable business** with solid long-term growth prospects
- **Clear go-to-market synergies** driven by focus on government customers
- **Cash generator** for higher growth parts of business

- **Strong IP portfolio** and competitive market offerings (EDR & MDR)
- **Improving metrics** in customer retention and cost efficiency

Growing Our Profitable Secure Comms Franchise While Further Optimizing Endpoint Security

Building on Improving Fundamentals

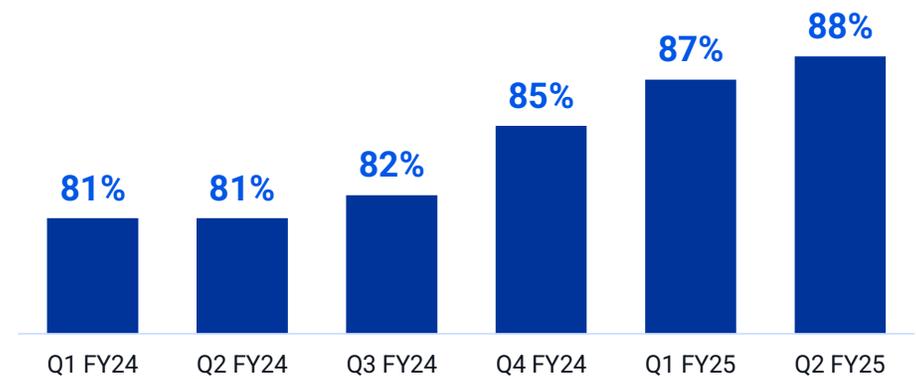
Annual Recurring Revenue (ARR)



ARR Stabilization

- ~80% of Cyber revenue is ratable & recurring
- Prior period headwinds driven by Cylance customer churn
- **Stabilization in past year** driven by UEM business

Dollar-Based Net Retention Rate (DBNRR)



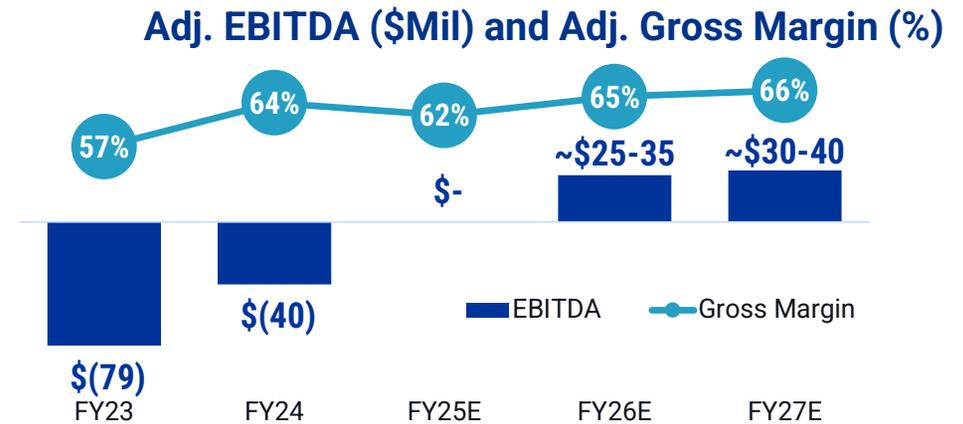
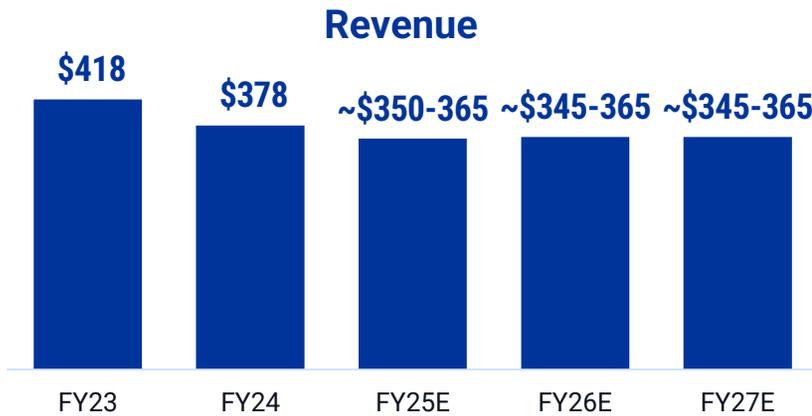
DBNRR Improvement

- **Demonstrated ability to retain and upsell** customers
- **Significant improvement in UEM retention** and ~100% retention in AtHoc business, offsetting pressure from Cylance customer churn

Improving Revenue Durability Through Greater Strategic Focus

Enhancing Cyber Profitability

Significant Profit Improvement in Past 3 Years, Despite Revenue Headwinds



- Gross margin improving but still below target
- Results impacted by subscale Cylance business, higher-than-industry adj. R&D (~29%), and hardware component of traditional Secusmart offering

- Achieved **~\$100 million in cost reductions** in Cyber division over last 4 quarters, achieved by:
 - Focusing product roadmap on core objectives
 - Streamlining sales and management teams
 - Reducing Cyber-dedicated facilities

Expecting a Return to Break-Even Results in FY25

Shifting Our Portfolio and Prudently Allocating Capital

Cylance

- Cylance required **high levels of investment** to close product gaps and remain competitive
- Significant progress made to date, but **the market remains highly competitive**
- Significant, **multi-year investment required** to grow to scale and profitability

Cylance Financials

\$(51)M

FY25 Forecast
Adj. EBITDA

Secure Comms & IoT

- Secure Communications is a **stable, government-focused business generating \$50M+ Adj. EBITDA**
- Likewise, BlackBerry has significant growth opportunity with **QNX – a clear market leader with secular tailwinds and deep competitive moat**

Secure Comms Financials

\$52M

FY25 Forecast
Adj. EBITDA

Taking immediate steps to streamline investment in Cylance and increase capital allocation for growth in Secure Comms and IoT
In parallel, exploring options for Cylance business

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Cybersecurity: In Summary

- 1 Cybersecurity division has achieved **significant improvement in profitability**
- 2 At the same time, **fundamentals have strengthened**
- 3 The Secure Communications business is both **stable and profitable**
- 4 Immediate pivot in investment focus, **streamlining investment in Cylance** to drive growth in QNX and Secure Communications

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Accelerating Growth in IoT

Vito Giallorenzo
Chief Financial Officer, IoT

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QNX: Robust Financial Investment Case



**Large, Growing
Market Opportunities
with Attractive
Economics**



**Commercial and
Technical Trends
Pushing the Industry
in Our Direction**



**Clear Segment
Leader with Unique
Capabilities, IP,
and Track Record**



**Deep, Long-Standing
Relationships with
Leading Customers
and Partners**

Established and Profitable Global Leader, Capturing Share in a Growing Market

The QNX Business Model: Illustrative Automotive Program

Pre-Production (~2-3 years)

Initial Negotiation, Development, and Integration

- Define technical requirements
- Support customer building software
- Complete integration and testing using reference hardware

Safety Certification and Performance Optimization

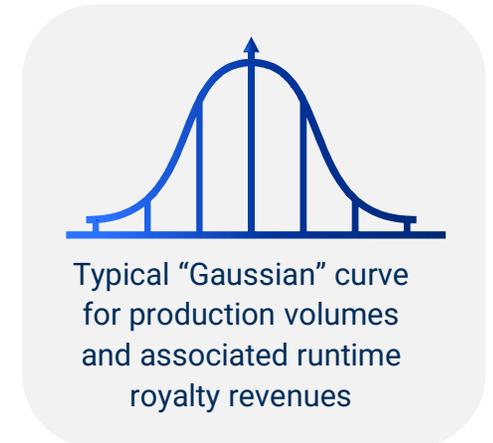
- Optimize software performance for final production hardware
- Complete safety, including audits and fault injection testing



Vehicle Production (~7-10 years)

Vehicles Come Off the Production Lines

- Final software runtime configuration
- Provide maintenance deliverables for development & services (e.g., support, fixes, additional/new features)



Pre-production Program Revenue

- ✓ Development Licenses
- ✓ Engineering Services

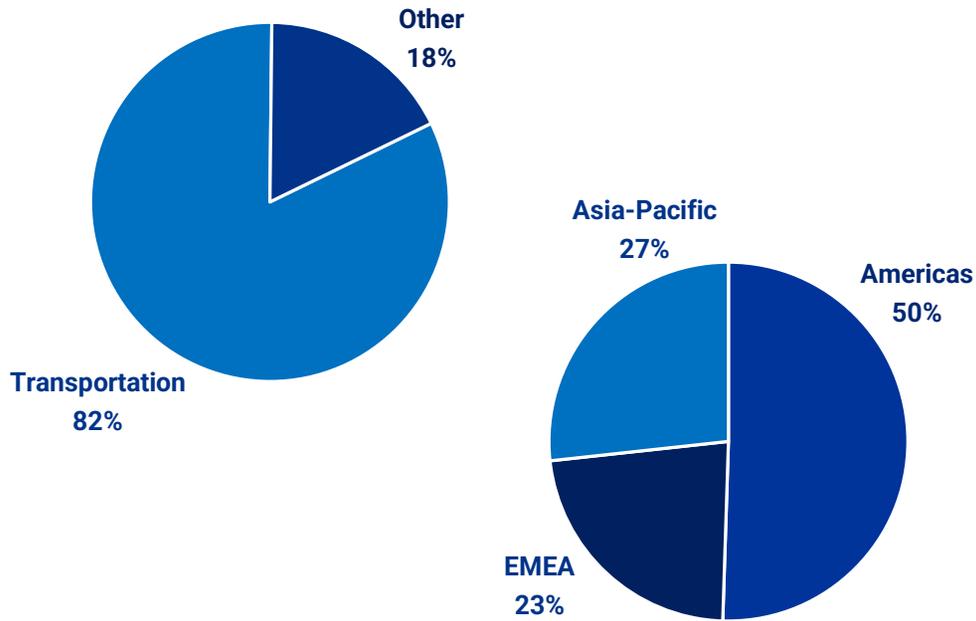
Post-production Program Revenue

- ✓ Runtime Royalties (*majority of program lifetime revenues*)

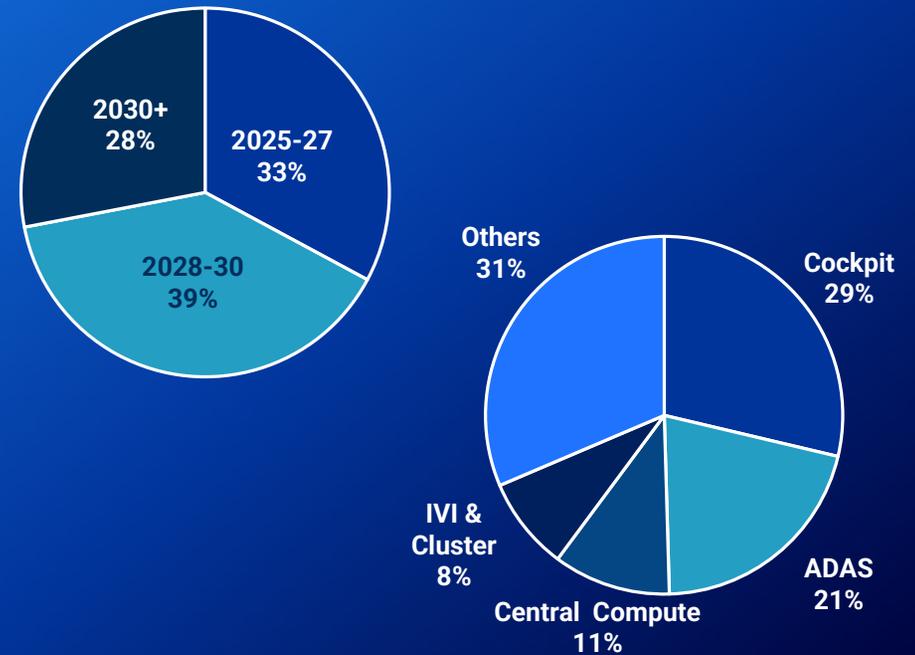
A Decade-long Business Commitment, Combining Upfront Revenue and a Long Stream of Profits

Diversified Business Mix, Backed by a Sizeable Backlog

IoT FY24 Sales Mix (\$215m)



FY24 Royalty Backlog (\$815m)

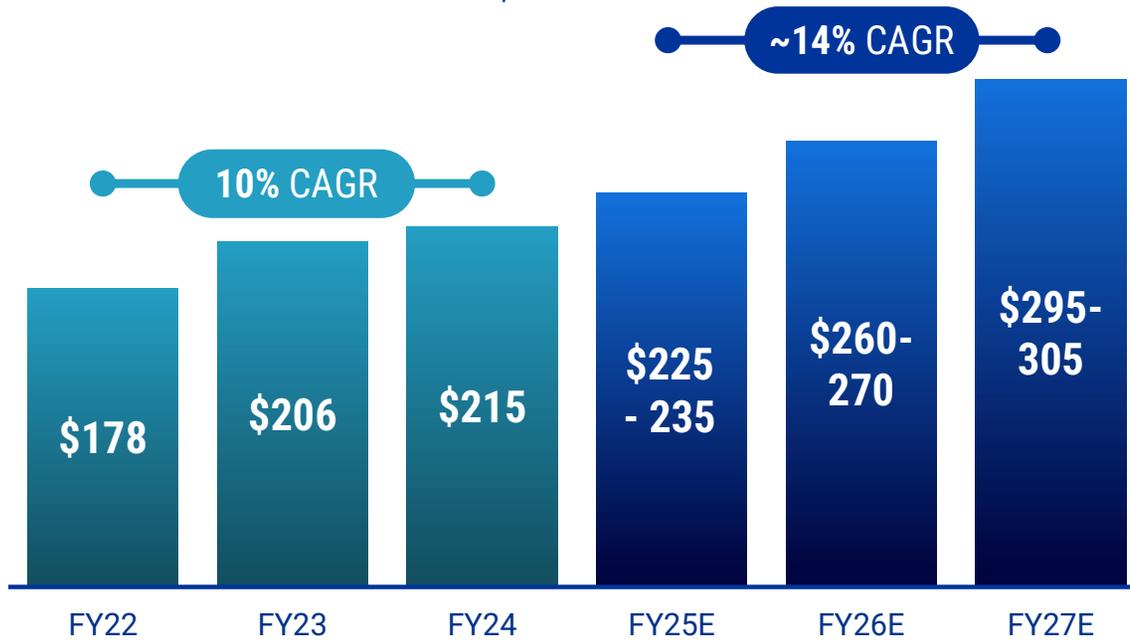


Geographic Diversification in Automotive, Leadership in Core Cockpit & ADAS with Growing Opportunity in Other Domains, and Support from a Sizeable Backlog (~4x Revenue)

Proven and Consistent IoT Revenue Growth

Track Record of Double-digit Revenue Growth

US\$ millions

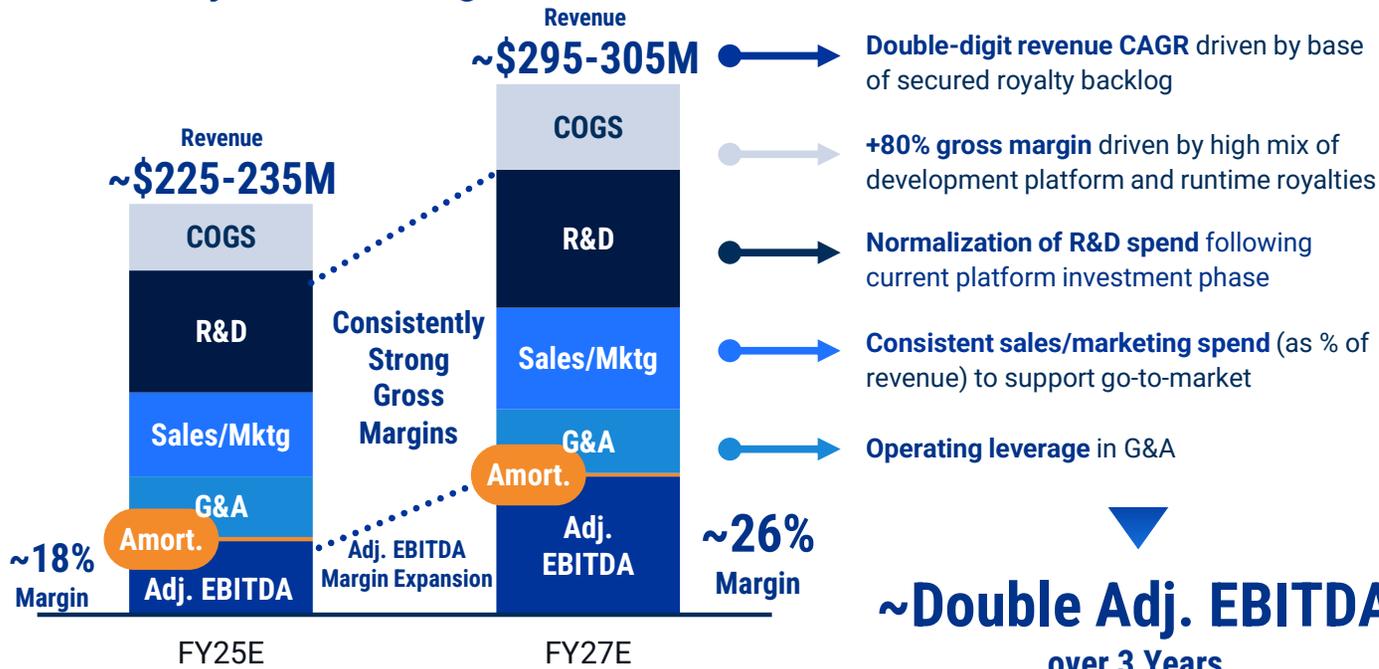


- Forecasted growth **in line with past performance through industry cycles**
- Upside impact from new platform initiatives **expected to be material after FY27**

Capitalizing on Recent Investments to Accelerate Near-Term Revenue Growth

Clear Path to Adj. EBITDA Expansion Following Separation

Adj. EBITDA Margin Growth



Adj. EBITDA Growth Profile (\$M)



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Delivering Strong Adj. EBITDA Expansion through Revenue and Margin Growth

In Summary



**Large, Growing
Market Opportunities
with Attractive
Economics**



**Commercial and
Technical Trends
Pushing the Industry
in Our Direction**



**Clear Segment
Leader with Unique
Capabilities, IP,
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**Deep, Long-Standing
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Established and Profitable Global Leader, Capturing Share in a Growing Market

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Fueling Growth through Targeted Capital Management

Tim Foote

Chief Financial Officer, BlackBerry

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Creating Standalone Divisions to Foster Growth and Efficiency

Separation Rationale

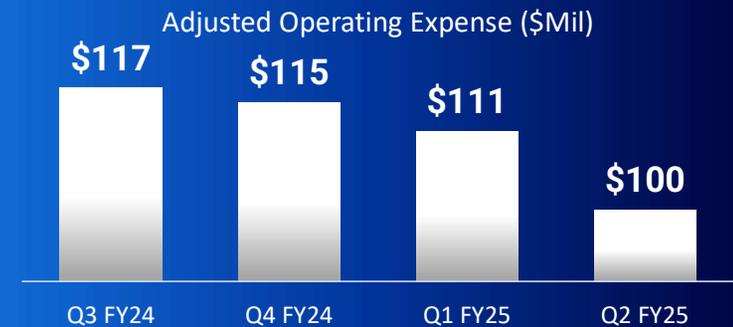
- Reviewed lessons from prior strategic review in 2023
- Assets were considered difficult to understand and value, with suboptimal financial profile
- Process did not maximize shareholder value

Key Objectives of Program

- **Increase focus on core markets** via two virtually autonomous divisions addressing target markets
- **Return to profitability** & positive cashflow
- **Increase strategic optionality** to maximize shareholder value

Progress to Date

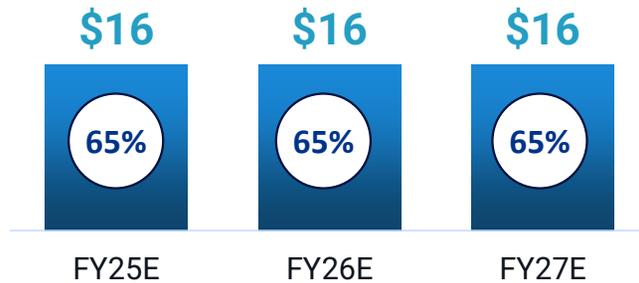
- Virtually autonomous IoT and Cybersecurity divisions now in place
- New leadership teams established with increased delegated authority
- **~\$135M** of run-rate cost reductions



Increasing Strategic Focus to Drive a More Profitable Future

Optimizing IP Licensing and Central Corporate Costs

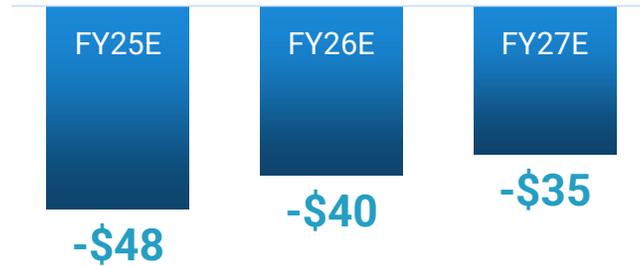
IP Licensing Revenue (\$Mil) and Adj. EBITDA (%)



IP Licensing

- Solid, investment-light, cash-generating division
- 3-year revenue tied to run-off of legacy deals; potential upside as IP acquirer ramps up monetization activity
- Potential for further cash generation, including \$30 million of guaranteed cash receipts in May 2026

Corporate Segment Adj. EBITDA Impact



Corporate Costs

- Unallocated central costs, including public company costs, legacy litigation, restructuring costs, and centralized finance costs (e.g., SOX)
- Potential improvement driven by:
 - Ongoing cost rationalization programs
 - Full-year impact of current year actions more fully realized in FY26 and FY27

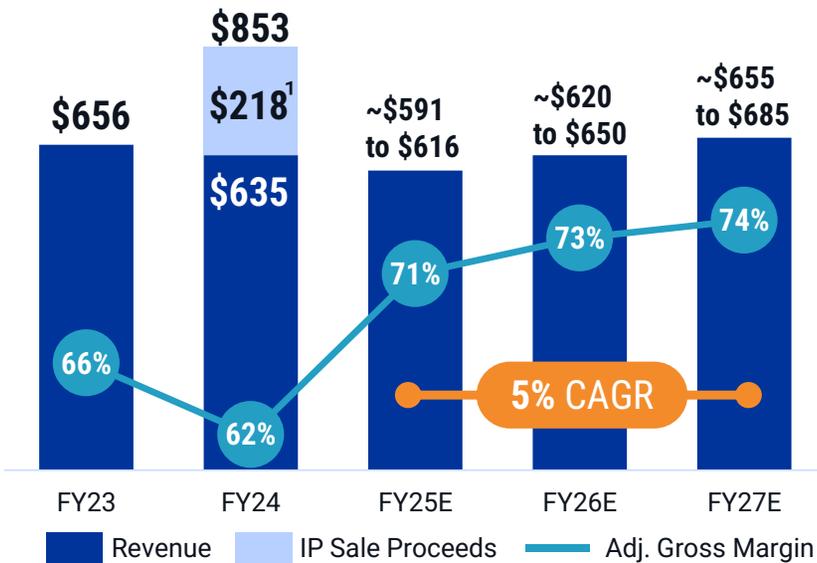
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Moving to a thin Corporate Layer with Upside Potential

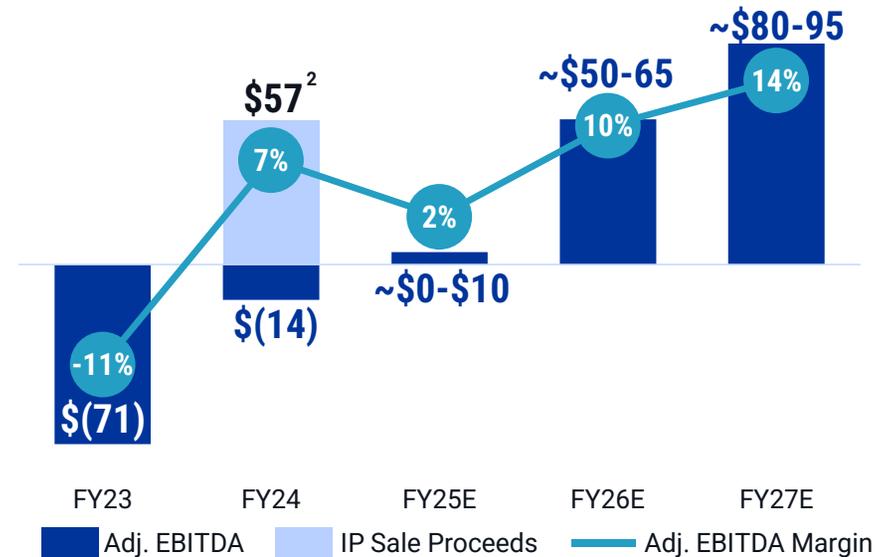
Driving Significant Improvement in Profitability

Expect A Return To Profitability In FY25 - From Significant Loss Position In FY23

Revenue (\$Mil) and Adj. Gross Margin (%)



Adj. EBITDA (\$Mil) and Adj. EBITDA Margin (%)



Capitalizing on Strategy to Drive Top-Line and Bottom-Line

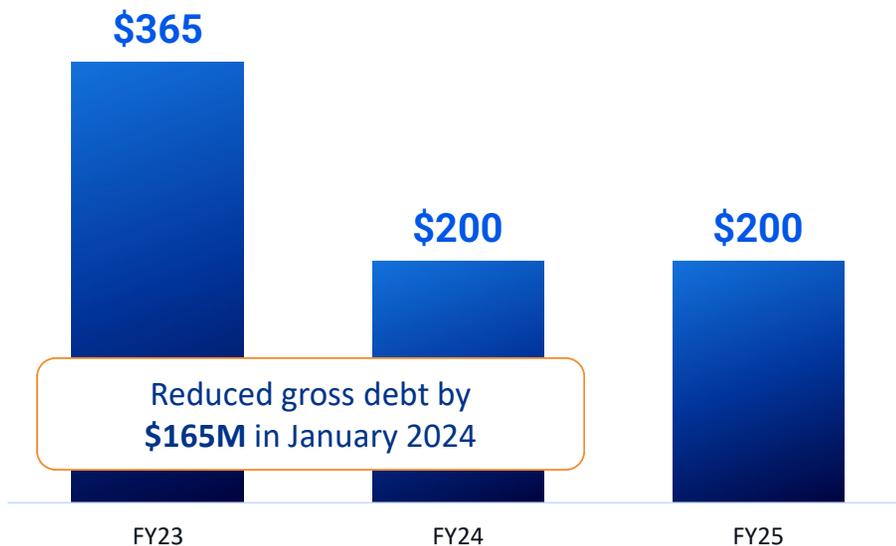
1- Includes \$218M of revenue from IP patent sale in Q1 FY24 2- Includes \$71M of EBITDA from IP patent sale in Q1 FY24
 Adjusted Gross Margin %, adjusted EBITDA and adjusted EBITDA margin % are non-GAAP financial measures; see Appendix for reconciliations to the most directly comparable GAAP financial measures

Balance Sheet and Liquidity Provide Financial Resilience

Significant Reduction in Gross Debt



Enhanced Liquidity Profile



- Issued 5-year maturity, 3% convertible debt
- No additional debt maturities until 2029
- Remain net cash positive
- Expect to return to positive operating cashflow in Q4 of current fiscal year

Strong Balance Sheet Supports Clear Capital Allocation Priorities

Enhancing Profitability and Cash Generation

Driving Stronger Profitability

To Fuel Capital Deployment

	FY23	Q2 FY25	Change
Adj. COGS	34%	34%	Unchanged
Adj. R&D	28%	23%	500 bps improvement
Adj. S&M	25%	22%	300 bps improvement
Adj. G&A	26%	23%	300 bps improvement
Adj. Op Inc.	-14%	-3%	1,100 bps improvement

Immediate Priorities

- Drive stronger cash flow generation
 - Streamline investments in Cylance
 - Continue to deliver back-office efficiencies
- Prioritize organic investments in growth areas of the business, primarily QNX

Medium-Term Priorities

- Opportunistic tuck-in M&A to accelerate QNX growth and adjacent market expansion

Pursuing Disciplined Capital Deployment to Optimize Profitability and Growth

Key Takeaways

- 1 Significant progress made in both separation and streamlining of IoT and Cyber divisions
- 2 Considerable progress made toward enterprise profitability and positive cash flow
- 3 QNX and IoT delivering profitable growth; expect to be “Rule of 40” company by FY27
- 4 Secure Communications businesses providing stable growth with profitability
- 5 Streamlining investment in Cylance and refocusing capital toward growth opportunities
- 6 Maintaining solid balance sheet to support ongoing capital allocation priorities



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Compelling Investment Thesis

- 1 Our **Strong Product Portfolio**
- 2 Significant Progress in **Our Cost Profile**
- 3 **Improving Fundamentals**
- 4 Significant Progress Towards **Positive Cashflow**
- 5 **Focus and Optionality** From Virtually Autonomous Divisions



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Today's Speakers

John Giamatteo
CEO,
BlackBerry
and President,
BlackBerry Cybersecurity



John Giamatteo is BlackBerry's Chief Executive Officer and President of its Cybersecurity division. He came to BlackBerry from McAfee where he was President and Chief Revenue Officer for over six years. Prior to that John served as Chief Operating Officer at AVG Technologies, a leading provider of internet and mobile security. He also held leadership positions with Solera, RealNetworks and Nortel Networks.

Tim Foote
CFO,
BlackBerry



Tim Foote is BlackBerry's Chief Financial Officer and is responsible for internal and external financial reporting and compliance, financial strategy and management, investor relations and treasury.

Tim joined the Company following BlackBerry's acquisition of Good Technology in 2015 and brings over two decades of experience across a number of senior finance leadership positions in both public and private multinational companies.

Martha Gonder
Investor Relations Director



Martha Gonder is BlackBerry's Director of Investor Relations and is responsible for investor outreach strategy and leading the quarterly earnings process. Martha has been with BlackBerry for 17 years in various roles across Investor Relations and Corporate Strategy.

Today's Speakers - IoT

Mattias Eriksson
President,
BlackBerry IoT



Mattias Eriksson is President and General Manager of BlackBerry's IoT Business Unit. The business unit consists of BlackBerry Technology Solutions or BTS (BlackBerry® QNX®, BlackBerry Certicom®, BlackBerry Radar® and BlackBerry Jarvis™) and BlackBerry IVY™. Prior to joining BlackBerry, Mattias spent 10 years with HERE Technologies in various leadership roles, including SVP of the core location data business group and SVP of product.

Vito Giallorenzo
CFO,
BlackBerry IoT



Vito Giallorenzo is the CFO of the BlackBerry IoT division. Since joining BlackBerry in 2017, Vito has led several roles driving BlackBerry's business transformation. Vito joined BlackBerry after more than a decade as a technology investment banker in New York and London at Morgan Stanley and then at Perella Weinberg Partners as a Managing Director. He has also worked at Naspers as Corporate Development Principal and held several engineering roles at Cisco Systems earlier in his career.

Grant Courville
VP, Products and Strategy,
BlackBerry IoT



As Vice President, Products and Strategy at BlackBerry, Grant Courville is responsible for BlackBerry QNX global product portfolio and strategy for the automotive and embedded markets. Grant's QNX experience is complemented by prior senior leadership roles with Curtiss-Wright Controls and Tilcon Software.

Today's Speakers – Cybersecurity

Nathan Jenniges
Senior Vice President &
General Manager
Cybersecurity Products



Nathan Jenniges is Senior Vice President & General Manager for the BlackBerry Products with responsibility for product strategy, roadmaps, engineering, and development operations. Prior to BlackBerry, Nathan spent 10 years at McAfee, most recently in the role of leading the Enterprise Endpoint, Threat Intelligence, and Security Operations Products.

Dr. Christoph Erdmann
Senior Vice President
SecuSUITE



Dr. Christoph Erdmann is the founder and managing director of Secusmart GmbH. Since 2014, he has also been Senior Vice President at BlackBerry and is responsible for the secure communication division within the parent company. From 2004 to 2007 he worked as a Technology Manager at Nokia. In 2007, he founded Secusmart GmbH, based in Dusseldorf, together with Dr. Hans-Christoph Quelle. Under Dr. Erdmann's leadership Secusmart grew to be a specialist in secure mobile communication, whose products are used today by governments and companies all over the world.

Today's Speakers - Cybersecurity

Shil Sircar
Senior VP, Cylance
Data Science &
Product Engineering



Shiladitya Sircar is the SVP, Product Engineering & Data Science at BlackBerry, where he leads Cyber Security Platform R&D teams. In his role he is responsible for ML research and development for BlackBerry Cylance Threat Intelligence Cloud, ZTNA, NDR and XDR platforms. He holds many patents and publication in the fields of Machine learning, mobile messaging, cryptography, satellite imaging and radar interferometry. Beyond his work at BlackBerry, Shiladitya serves as a Technology and AI Advisory Board member at Glilot Capital Partners, and early-stage venture capital firm.

Ismael Valenzuela
VP, Cylance
Threat Research &
Intelligence



Ismael Valenzuela is Vice President of Threat Research and Intelligence at BlackBerry, where he leads threat research, cyber threat intelligence, and defensive innovation. Prior to his current role, Ismael was responsible for leading offensive and defensive security roles for Foundstone, Intel, and McAfee, among others, and founded one of the first IT security consultancies in Spain. Ismael has also served as an advisor to large government and private sector organizations, including the EU, U.S. government agencies and critical infrastructure operations in New York.

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BlackBerry Investor Day is being recorded for recordkeeping and a replay of the presentations will be available today on the Company's website at www.blackberry.com/investorday.

Financial Disclosure Updates (\$M)

During the third quarter of fiscal 2025, the Company determined that it was preferable to present all the expenses associated with its facilities within General and administrative, whereas previously these costs were allocated amongst the functional expense areas of the business based on assumptions of usage of those facilities by the functional areas.

Impact of change in accounting principle on previously issued financial statements

	FY23 (as previously disclosed)	Impact of change	FY23 (under new principle)	FY24 (as previously disclosed)	Impact of change	FY24 (under new principle)
Cost of Sales	237	(9)	228	333	(8)	325
Gross Margin	419	9	428	520	8	528
Research and development	207	(13)	194	186	(13)	173
Sales and marketing	176	(8)	168	171	(7)	164
General and administrative	164	30	194	181	28	209
Operating Expenses	1,144	9	1,153	645	8	653
Cybersecurity						
Segment cost of sales	185	(7)	178	142	(6)	136
Segment gross margin	233	7	240	236	6	242
IoT						
Segment cost of sales	37	(2)	35	36	(2)	34
Segment gross margin	169	2	171	179	2	181

Segment Financials (\$M)

Segment Gross Margin

Cybersecurity

Segment revenue	\$ 418	\$ 378
Segment cost of sales	178	136
Segment gross margin	240	242
Segment gross margin %	57%	64%

IoT

Segment revenue	206	215
Segment cost of sales	35	34
Segment gross margin	171	181
Segment gross margin %	83%	84%

Licensing

Segment revenue	32	260
Segment cost of sales	12	152
Segment gross margin	20	108
Segment gross margin %	63%	42%

Total Segment Gross Margin

Total Segment Gross Margin %

Stock compensation expense excluded from segment cost of sales

Total Gross Margin

Total Gross Margin %

	FY23	FY24
Segment revenue	\$ 418	\$ 378
Segment cost of sales	178	136
Segment gross margin	240	242
Segment gross margin %	57%	64%
IoT Segment revenue	206	215
IoT Segment cost of sales	35	34
IoT Segment gross margin	171	181
IoT Segment gross margin %	83%	84%
Licensing Segment revenue	32	260
Licensing Segment cost of sales	12	152
Licensing Segment gross margin	20	108
Licensing Segment gross margin %	63%	42%
Total Segment Gross Margin	431	531
Total Segment Gross Margin %	66%	62%
Stock compensation expense excluded from segment cost of sales	(3)	(3)
Total Gross Margin	\$ 428	\$ 528
Total Gross Margin %	65%	62%

Segment EBITDA

Cybersecurity

Segment gross margin	\$ 240	\$ 242
Segment research & development	125	102
Segment sales and marketing	127	115
Segment general & administrative	74	69
Less amortization included in the above	(7)	(4)
Segment EBITDA	(79)	(40)

IoT

Segment gross margin	171	181
Segment research & development	62	64
Segment sales and marketing	36	43
Segment general & administrative	43	43
Less amortization included in the above	(3)	(3)
Segment EBITDA	33	34

Licensing

Segment gross margin	20	108
Segment general & administrative	13	35
Less amortization included in the above	(11)	(10)
Segment EBITDA	18	83

Total Segment EBITDA

Total Segment EBITDA %

	FY23	FY24
Segment gross margin	\$ 240	\$ 242
Segment research & development	125	102
Segment sales and marketing	127	115
Segment general & administrative	74	69
Less amortization included in the above	(7)	(4)
Segment EBITDA	(79)	(40)
IoT Segment gross margin	171	181
IoT Segment research & development	62	64
IoT Segment sales and marketing	36	43
IoT Segment general & administrative	43	43
IoT Less amortization included in the above	(3)	(3)
IoT Segment EBITDA	33	34
Licensing Segment gross margin	20	108
Licensing Segment general & administrative	13	35
Licensing Less amortization included in the above	(11)	(10)
Licensing Segment EBITDA	18	83
Total Segment EBITDA	\$ (28)	\$ 77
Total Segment EBITDA %	-4%	9%

Segment information is based upon the internal reporting used by the Chief Operating Decision Maker to make decisions and assess the performance of the Company; see Appendix for reconciliation of segment information to consolidated results

Segment Financials (\$M) (Continued)

Reconciliation of Segment EBITDA to Consolidated loss before income taxes

	FY23	FY24
Total Segment EBITDA	\$ (28)	\$ 77
Adjustments		
Stock compensation expense	31	33
Restructuring expenses	11	37
Less		
Corporate general & administrative	49	20
Amortization	105	59
Impairment of long-lived assets	235	15
Impairment of goodwill	245	35
Gain on property, plant and equipment, net	(6)	-
Debentures fair value adjustment	(138)	3
Litigation settlement	165	-
Investment income	(5)	(19)
Consolidated loss before income taxes	\$ (720)	\$ (106)

Segment information is based upon the internal reporting used by the Chief Operating Decision Maker to make decisions and assess the performance of the Company; see Appendix for reconciliation of segment information to consolidated results

Non-GAAP Reconciliation (\$M)

Reconciliation of Adjusted EBITDA to Operating income (loss)

	FY23	FY24	Q2FY25
Operating income (loss)	\$ (725)	\$ (125)	\$ (21)
Non-GAAP adjustments to operating income			
Stock compensation expense	31	33	7
Restructuring charges	11	37	1
Debentures fair value adjustment	(138)	3	-
Acquired intangibles amortization	82	38	9
Goodwill impairment charge	245	35	-
LLA impairment charge	235	15	-
Litigation settlement	165	-	-
Total non-GAAP adjustments to operating loss	631	161	17
Adjusted operating income (loss)	(94)	36	(4)
Amortization	105	59	13
Acquired intangibles amortization	(82)	(38)	(9)
Adjusted EBITDA	\$ (71)	\$ 57	\$ -
Revenue	\$ 656	\$ 853	\$ 145
Adjusted operating income (loss) margin %	-14%	4%	-3%
Adjusted EBITDA margin%	-11%	7%	0%

Reconciliation of Adjusted operating expense to Operating expense

Operating expenses (as previously disclosed)
Impact of change of accounting principle
Operating expenses (as amended)
Non-GAAP adjustments to Operating expense
Debentures fair value adjustment
Restructuring charges
Stock compensation expense
Acquired intangibles amortization
Impairment of goodwill
Impairment of long-lived assets
Adjusted operating expenses

	Q3FY24	Q4FY24	Q1FY25	Q2FY25
\$ 138	\$ 185	\$ 135	\$ 115	
2	2	2	1	
140	187	137	116	
(13)	-	-	-	
9	20	8	1	
7	5	7	6	
9	8	8	9	
-	35	-	-	
11	4	3	-	
\$ 117	\$ 115	\$ 111	\$ 100	

Non-GAAP Reconciliation (\$M) (Continued)

	<u>FY23</u>	<u>Q2FY25</u>
Cost of sales (as previously disclosed)	\$ 237	\$ 51
Impact of change of accounting principle	(9)	(1)
Cost of sales (as amended)	228	50
Stock compensation expense	3	1
Adjusted cost of sales	\$ 225	\$ 49
Revenue	\$ 656	\$ 145
Adjusted cost of sales %	34%	34%

	<u>FY23</u>	<u>Q2FY25</u>
Research and development expense (as previously disclosed)	\$ 207	\$ 37
Impact of change of accounting principle	(13)	(2)
Research and development expense (as amended)	194	35
Stock compensation expense	9	2
Adjusted research and development expense	\$ 185	\$ 33
Revenue	\$ 656	\$ 145
Adjusted research and development expense %	28%	23%

	<u>FY23</u>	<u>Q2FY25</u>
Sales and marketing expense (as previously disclosed)	\$ 176	\$ 34
Impact of change of accounting principle	(8)	(1)
Sales and marketing expense (as amended)	168	33
Stock compensation expense	5	1
Adjusted sales and marketing expense	\$ 163	\$ 32
Revenue	\$ 656	\$ 145
Adjusted sales and marketing expense %	25%	22%

	<u>FY23</u>	<u>Q2FY25</u>
General and administrative expense (as previously disclosed)	\$ 164	\$ 33
Impact of change of accounting principle	30	4
General and administrative expense (as amended)	194	37
Stock compensation expense	14	3
Restructuring charges	11	1
Adjusted general and administrative expense	\$ 169	\$ 33
Revenue	\$ 656	\$ 145
Adjusted general and administrative expense %	26%	23%