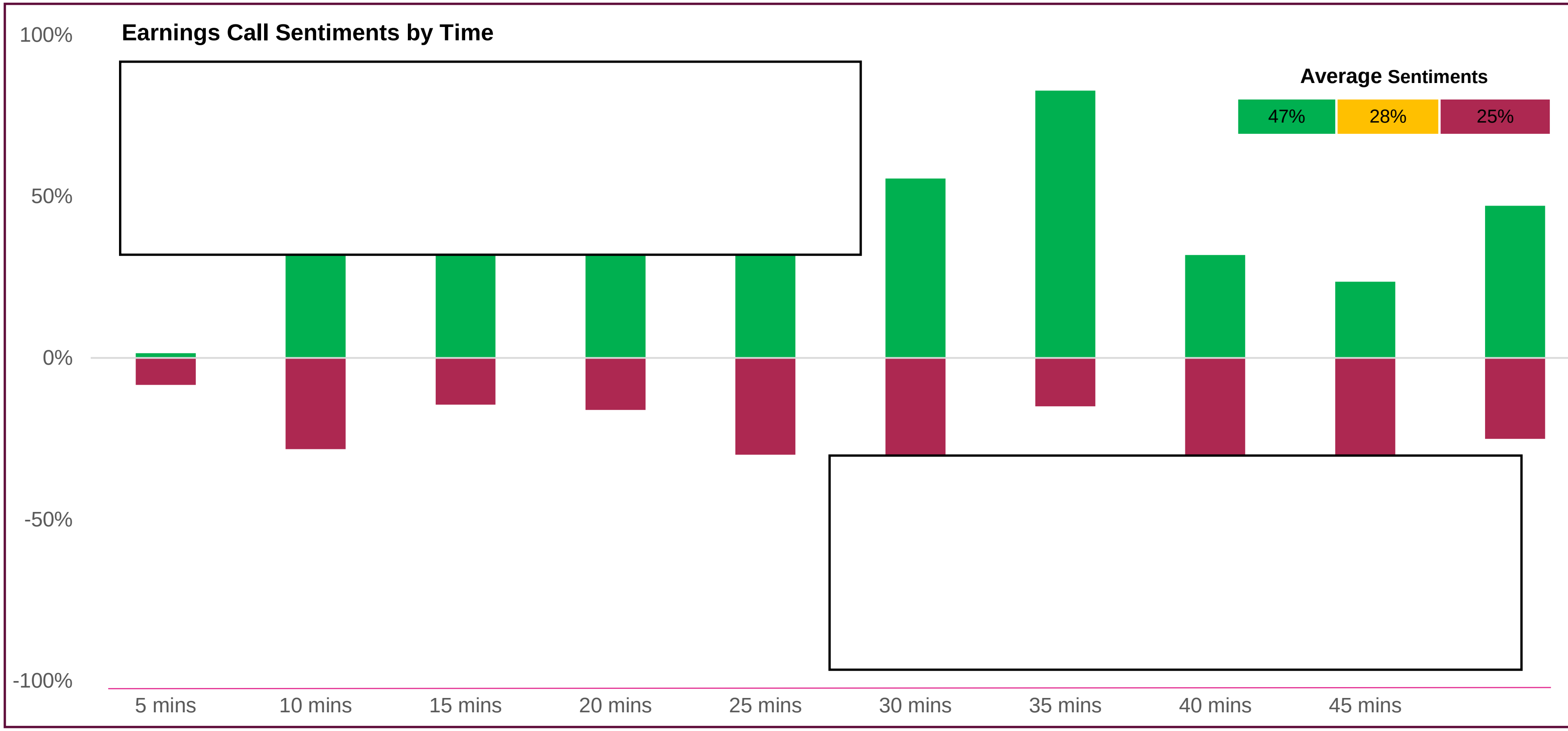
BlackBerry:
Growth Strategy and Sentiment Analysis

July 2023

Company Sentiments and Growth Forecast (Q1 FY23)



Outlook	Our View	Remarks
Growth Strategy	Positive	
Revenue Growth	Positive	
Profitability	Positive	

Company Sentiments and Growth Forecast: Detailed Overview (1/4)

Time	Positive	Negative	Positive Driver	Negative Driver
5 mins	1%	-8%	✓ IoT business unit revenue for the quarter was $45 million. ✓ Gross margin remains strong at 80%. ✓ Confident in ability to win new designs. ✓ Reiterating the 18 to 22 percent three-year revenue kicker.	✓ Revenue came in lower than expected due to delays in program caused by leading industry players revising their development plans. ✓ Macro environment has impacted some regional production volumes and royalty revenues. ✓ Production in China was softer than expected, but output in North America, Europe, Japan, and Korea remains steady.
10 mins	58%	-28%	✓ QNX backlog reported as $640 million at last fiscal year end ✓ QNX embedded in over 235 million vehicles, a year-on-year net increase of 20 million or 9% ✓ QNX remains the foundational software of choice for leading automakers and Tier 1 suppliers ✓ Recorded wins with two of the top five global automakers in the digital cockpit domain ✓ Secured a win with a leading US space EV automaker ✓ Recorded wins in industrial, medical, and household appliance sectors ✓ Early Access release of next-generation kernel with significantly higher performance and scalability ✓ General availability version of Ivy released, allowing for wider range of proof of concept trials. ✓ Investment in Michigan-based Cerebrum Acts to build IV ecosystem	✓ None mentioned in the statement
15 mins	67%	-15%	✓ Revenue for the cyber security unit was $93 million, representing 6% sequential growth. ✓ Total contract value (TCV) bookings for the quarter were $122 million, significantly higher than revenue. ✓ TCV bookings grew for the fourth consecutive quarter, with 14% sequential and 37% year-on-year growth. ✓ The company closed deals with leading government institutions, including the U.S. special ops command, U.S. Navy, and U.S. Army Corps of Engineers. ✓ Dollar-based net retention rate stabilized at 81%. ✓ The company saw promising progress in its SMB go-to-market presence through renewal channel programs.	✓ Delays in sales cycles and additional layers of approval slowed the conversion of pipelines into revenue. ✓ The decline in accounts receivable (AR) slowed, but AR is expected to return to sequential growth in the second half of the year. ✓ Some cloud-only players have struggled to achieve profitability.

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Company Sentiments and Growth Forecast: Detailed Overview (2/4)

Time	Positive	Negative	Positive Driver	Negative Driver
20 mins	57%	-16%	✓ Silence endpoint has a market-leading 98.9% detection rate both online and offline. ✓ Silence uses the lowest amount of CPU capacity compared to competitors. ✓ The deal for the sale of the non-core portion of the patent portfolio includes an initial $170 million cash payment and could total as much as $900 million over time. ✓ KPI has started to ramp up monetization activities, including hiring executives and patent lawyers and engaging with potential licensees. ✓ Revenue from pre-existing licensing arrangements was $17 million this quarter.	✓ It will take some time for KPI to be fully ramped up and no meaningful additional revenue from the sale is expected this fiscal year. ✓ Revenue from the patent sale was $218 million, but more details will be available in the 10Q. ✓ Total company gross margin was 48%, but this excludes the patent sale. ✓ Operating expenses for the first quarter were $145 million. ✓ Non-GAAP operating profit and net profit for the first quarter were $35 million. ✓ The level of EPS loss and operating cash flow usage needs to be significantly reduced this fiscal year.
25 mins	47%	-30%	✓ Capitalizing on a $750 billion opportunity ✓ Executing against strategy and achieving profitable growth ✓ Generating significant shareholder value ✓ Engaging leading investment bankers for review ✓ Making progress in the review process	✓ Uncertainty about alternative approaches for delivering greater shareholder returns ✓ Delay in start of new programs for customers ✓ Potential minor shifting of time frame for design wins ✓ Lack of specific outcome or termination of review

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Company Sentiments and Growth Forecast: Detailed Overview (3/4)

Time	Positive	Negative	Positive Driver	Negative Driver
30 mins	56%	-35%	✓ The company's solution is seen as simple and appealing, similar to building an app store for cars. ✓ Some customers have already decided to work with the company. ✓ The cyber security business has shown improvement in Billings growth for four consecutive quarters. ✓ The integration of the silence product line and the EDR technology has been successful. ✓ The company's renewal rate is trending up and they are winning new customers in the SMP market. ✓ The channel is bringing in more business for the company. ✓ The cyber offering is addressing pain points and building momentum.	✓ There was churn in the SME for the uem challenge, but it has now stabilized. ✓ The growth in ad hoc and critical event management software tied to government takes time. ✓ The timing of revenue from the IoT pipeline is uncertain, but the company expects acceleration due to competition from China and other Asian countries.
35 mins	83%	-15%	✓ The company received 640 million in royalties, which is a significant amount. ✓ They expect to eventually receive the majority of the 640 million. ✓ They plan to continue growing their revenue.	✓ The accounting recognition for the patent sale is causing a difference in revenue recognition. ✓ The cash flow from operations was negative this quarter, excluding the patent sale. ✓ The company experienced headwinds to cash flow due to bonuses and compensation payments.
40 mins	32%	-31%	✓ The scope of software defined vehicles is expanding. ✓ Some major OEMs are reorganizing their efforts and delaying car releases due to software. ✓ The company has a strong machine learning model for threat hunting and is offering AI-driven services to customers. ✓ They have billions of malware profiles and are building models based on machine learning.	✓ The company is cautious about generating too much of their internal model and is analyzing the use of AI in products. ✓ They are waiting for government regulations on the use of AI in products. ✓ They need to be careful not to violate government rules as they provide software to governments worldwide.

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Company Sentiments and Growth Forecast: Detailed Overview (4/4)

Time	Positive	Negative	Positive Driver	Negative Driver
45 mins	24%	-48%	✓ The company is the only player offering complete intelligence in software-defined vehicles and battery management solutions. ✓ They plan to take advantage of this from a business perspective. ✓ They feel good about their pipeline and the deals they are working on, particularly in the government and cyber sectors. ✓ They expect Q2 to be better than Q1 and anticipate positive sequential growth in the second half of the year.	✓ The company is not deep into software-defined vehicles yet. ✓ They need to wait for the vehicle OEMs to release their development schedules. ✓ The contract extension for the Imperium project is complicated and dependent on its progress. ✓ The separation of the business and other factors will take time, possibly until the end of summer.

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