

# BlackBerry

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## Q4 FY 2026 Earnings Conference Call

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### **CORPORATE PARTICIPANTS**

**Suzanne Spera** - *Senior Director, Investor Relations*

**John Giamatteo** - *Chief Executive Officer*

**Tim Foote** - *Chief Financial Officer*

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## PRESENTATION

### Operator

Good morning and welcome to the BlackBerry Fourth Quarter and Full Fiscal Year 2026 Results Conference Call. My name is Betsy, and I will be your conference moderator for today's call. During the presentation, all participants will be in a listen-only mode. We will be facilitating a brief question and answer session towards the end of the conference. Should you need assistance during the call, please signal a conference specialist by pressing star-zero. As a reminder, this conference is being recorded for replay purposes.

I would now like to turn today's call over to Suzanne Spera, Senior Director of Investor Relations, BlackBerry. Please go ahead.

### Suzanne Spera

Thank you, Betsy. Good morning, everyone, and welcome to BlackBerry's fourth quarter and full fiscal year 2026 earnings conference call. Joining me on today's call is BlackBerry's Chief Executive Officer John Giamatteo and Chief Financial Officer Tim Foote.

After I read our cautionary note regarding forward-looking statements, John will provide a business update and Tim will review the financial results. We will then open the call for a brief Q&A session. This call is available to the general public via call-in numbers and via webcast in the Investor Information section at [blackberry.com](http://blackberry.com). As part of today's webcast, presentation slides will be displayed. The slides are also available on the Investor Information section at [blackberry.com](http://blackberry.com), as will the replay of today's call.

Some of the statements we'll be making today constitute forward-looking statements and are made pursuant to the safe harbor provisions of applicable U.S. and Canadian securities laws. We'll indicate forward-looking statements by using words such as expect, will, should, model, indeed, believe and similar expressions. Forward-looking statements are based on estimates and presumptions 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 relevant.

Many factors could cause the company's actual results or performance to differ materially from those expressed or implied by the forward-looking statements. These factors include the risk factors that are discussed in the company's annual filings and MD&A. You should not place undue reliance on the company's forward-looking statements. 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 of them, except as required by law.

As is customary during the call, John and Tim will reference non-GAAP numbers in their summary of our quarterly results. For a reconciliation between our GAAP and non-GAAP numbers, please see the earnings press release published earlier today, which is available on the EDGAR, SEDAR+ and [blackberry.com](http://blackberry.com) websites.

And with that, let me now turn the call over to John.

### John Giamatteo

Thanks, Suzanne, and thanks to everyone for joining today's call. BlackBerry finished the fiscal year with another strong quarter, delivering double-digit top line growth and marking the eighth

consecutive quarter of improving GAAP profitability, capping two full years of significant progress in the fundamentals of the business.

When this new management team was appointed, we promised a turnaround to transform BlackBerry into a profitable growth company, and I'm pleased to report that we've done exactly that. These are not just data points or even a trend, but a consistent track record of delivery. The turnaround is complete and the BlackBerry story is now a growth story.

QNX delivered another Rule of 40 quarter, rounding out a Rule of 40 year. We achieved the second consecutive record for revenue in the quarter, exceeding the top end of the guidance range at \$78.7 million, representing 20% year-over-year growth. The nature of the business means -- sorry. Building on a solid and underappreciated Q3, we believe QNX is as strong as ever. Revenue was driven by a record quarter for royalties and development revenue had its best quarter of the year.

We are delighted to report that QNX royalty backlog continues to grow, increasing to approximately \$950 million. We added significantly more into the backlog than we recognized in the P&L this year. The backlog provides QNX with a line of sight to ongoing, multiyear, durable revenue growth that few companies enjoy.

Consistently adding backlog year after year significantly above the rate it is recognized in the P&L is a key indicator of future revenue growth potential. This is not a business that is slowing down, but rather one that is compounding, powered by our continued leadership in automotive and growing momentum across physical AI, robotics, industrial, medical, and emerging markets. The royalty engine is just getting started, and we're more excited than ever about the future of QNX.

It is important to reiterate that QNX's growth should not be judged from quarter to quarter. The nature of the business means that design wins aren't evenly spread, and therefore neither are development tool purchases. Further, the majority of revenue we secure from a design win will come once it moves into production, which is often two to three years in the future.

As a result, some quarters like Q1 tend to be seasonally softer, while others such as Q4 are typically much stronger. We saw this last year. Q1 grew at a single-digit rate year-over-year in fiscal 2026, but QNX still delivered 14% growth for the full fiscal year. We expect a similar cadence this year.

Despite that unevenness from quarter to quarter, based on our strong backlog, pipeline, and operating leverage, we expect QNX to remain a Rule of 40 business for fiscal year 2027. Therefore, it is important to focus more on the strength of our full year growth, the continued expansion of our backlog, and our growing design win pipeline, all of which points to QNX remaining a solidly double-digit growth business.

Our QNX strategy is underpinned by our automotive leadership. This past quarter, we demonstrated that with a wide range of design wins in multiple domains. Our largest win of the quarter was with a tier one supplier for the Chinese market, where QNX will be deployed on Chinese chipmaker Axera's SOCs in a range of smart sensors for use by a number of leading OEMs. China remains a large, valuable, and growing market for us, demonstrated by this win, which comes on the back of several other significant wins in recent quarters.

We continued to demonstrate our leadership in the digital cockpit domain, including a major win with one of the world's top five automakers based in North America. We were able to successfully

upsell the customer to a broader range of our product portfolio for a platform that we expect to go into production this year. We also secured a significant ADAS safety system design win in Europe with another top five OEM that is deploying a Qualcomm Snapdragon chipset.

In addition to the progress in our core auto strategy, we have two key growth accelerators that offer significant upside potential. The first is the move up the automotive software stack beyond the core operating system into the middleware layer with our Alloy Kore platform. This platform combines QNX's safety certified operating system and virtualization with our partner Vector's safe middleware to provide a pre-integrated, safety certified, lightweight and scalable foundation for a number of key domains throughout the car.

Alloy Kore reduces software integration overhead for OEMs, accelerates their development, and frees them up to focus engineering resources on differentiating customer experiences in the app layer. We continue to work very closely and effectively with Vector, and remain on track for general release of the product this calendar year.

While, as expected, we haven't secured any design wins for Alloy Kore yet, conversations with several leading OEMs, including Mercedes-Benz, are progressing well. The platform represents an opportunity for significant ASP expansion compared to the revenue from selling the core operating system. Alloy Kore could be many multiples of that.

The second growth vector where we're seeing significant traction is the general embedded space. Currently, approximately 20% of QNX revenue comes from non-auto verticals and the addressable market opportunity is massive, potentially larger than for automotive. The technology we've developed for auto is intentionally highly adaptable for use in adjacent verticals, and we're investing in go-to-market to drive adoption.

Sales cycles in these verticals are often relatively long, but the pipeline we've been building is starting to convert, and fiscal year 2026 delivered wins in several of our target verticals. This past quarter, we secured a significant win for our General Embedded Development Platform, or GEDP, to be deployed in industrial automation controls for a major North American OEM. This was one of a number of wins in industrial automation, which is a key target vertical.

We also secured a number of wins in medical instrumentation, including with Johnson & Johnson, where QNX OS for Safety will power a new AI driven heart pump. Robotics represents one of our most exciting long-term opportunities, as we stand to capture growth in physical AI. We are building pipeline momentum and expect this vertical to become a meaningful part of GEM growth over time.

QNX has already proven itself as the platform of choice for physical AI, given its large footprint in all levels of autonomous driving. The car is the most complex consumer device, and is essentially a robot on wheels. We believe our strong partnerships will support this growth. Recently, ARM announced its new ARM AGI CPU for use in physical AI. And during the launch of it, CEO Rene Haas identified QNX as one of its foundational software ecosystem partners in support of their aspirations in this space.

We also have strong relationships with other leading silicon providers, including NVIDIA and Qualcomm, who are also pushing into physical AI. And we believe these partnerships help position us well for future growth.

Now, moving over to Secure Communications, just over a year ago, the Secure Communications division was barely discussed. In fact, at the time, it was viewed as a drag on our overall story, a business in transition as we refocused from a broader cyber portfolio to our core strengths in mission-critical secure communications and digital sovereignty. Today the situation has changed considerably.

This past quarter, Secure Communications delivered a near Rule of 40 quarter, a result that would've seemed unthinkable a year ago. We believe it now represents underrecognized value within our portfolio. Revenue was strong at \$72.5 million, exceeding the top end of our guidance by 12% and delivering 8% year-over-year growth.

Digital sovereignty, the desire for governments to retain critical data and communications on sovereign solutions hosted and operated in-country, is no longer a buzzword. Instead, it is a budget line item for governments worldwide, and we are winning in this space with a demand environment that has seldom been stronger. Together with rapidly growing defense budgets among NATO allies and beyond, the Secure Communications division is benefiting from meaningful tailwinds.

Secusmart, our military grade encrypted voice and data platform, delivered a strong quarter with revenue growing meaningfully year-over-year. This performance was primarily driven by sales to the German government, where Secusmart is a key and trusted supplier meeting the very demanding certification requirements of the German cyber security authority, BSI. Our investment in the platform to support iOS devices in addition to Android has driven a significant market opportunity for us with the German government, and we see a strong pipeline of opportunities as we head into fiscal year 2027.

Outside of Germany, we were thrilled to announce a multiyear extension and expansion to our contract with Shared Services Canada. SSC is the Canadian government agency responsible for delivering and operating IT infrastructure and digital services for most federal agencies. As part of the deal, the Canadian government has significantly expanded its number of Secusmart licenses. This will help drive a strong start to fiscal year '27, with meaningful revenue from this deal expected in the new fiscal year. Other wins in the quarter included NATO and the Malaysian anticorruption establishment.

UEM continues to stabilize. Although full year revenue declined year-over-year, the renewal rate continued to improve and the value of multiyear deals increased by 47% year-over-year. In Q4, we secured a number of new logo wins, particularly by capitalizing on the BSI certification in Germany and where UEM is sold in conjunction with Secusmart. This quarter's wins were global, and included the IRS, the German Bundesbank, the Council of the European Union, the Netherlands' Rijkswaterstaat, as well as Switzerland's Bank Julius Baer.

AtHoc, our critical events management solution, had a solid quarter and full year, recording double-digit year-over-year revenue growth for Q4 and high single-digit growth for the full fiscal year. This past quarter, we secured expansions and renewals with a number of customers, including the U.S. Air Force, the U.S. Coast Guard, and the U.S. Department of Treasury, as well as a new logo win with Australia's Department of Foreign Affairs and Trade.

Key metrics for the Secure Communications business indicate an inflection point. Annual recurring revenue, or ARR, for Secure Comms increased by \$2 million, or 1% sequentially, to \$218 million, which is 10 million, or 5% growth, year-over-year. Dollar-based net retention rate,

or DBNRR, also improved by 2 percentage points sequentially to 94%, 1 percentage point higher than in Q4 of the prior year.

Another reason we're confident in the durability of BlackBerry's growth is the competitive moat we enjoy across our QNX and Secure Communications businesses. This moat is multilayered, and importantly addresses the concerns investors have today about AI and software models. Let me give you three reasons why we believe our moat is durable.

The first is that our QNX pricing model is different from traditional seat-based SaaS models. The majority of QNX's revenue is consumption-based, primarily driven by royalties tied to the number of high-performance systems powered by QNX in cars, robots, and other intelligent edge devices rather than seat-based licenses.

Second, our software is embedded in the most demanding, highly regulated, safety-critical use cases imaginable, where users' lives depend on the software working exactly as it should. AI is probabilistic by nature, meaning outputs can vary. But the QNX platform is deterministic, delivering the same result every time without exception. That distinction matters enormously when our software controls a vehicle's safety features such as adaptive cruise control or autonomous drive.

We have built deep trust with customers through decades of flawless execution, backed by certifications such as the rigorous ISO 26262 standard for functional safety. The stakes are high and the cost of failure could be catastrophic, and the benefit of replacing a proven, certified platform for a marginal price saving in our view is not a trade-off that any responsible OEM will make. As a relatively small portion of the bill of materials, we see the risk and reward equation heavily skewed to our favor.

The third is cost of delivery. QNX's scale across the automotive and other verticals drives a cost of delivery advantage that individual OEMs attempting to build and maintain their own solution, even with AI tools, cannot match. On the Secure Comms side, our products are deployed in mission-critical, highly regulated, highly sensitive environments. The license to operate in those environments comes in the form of hard-earned certifications, which assess people and processes as long as longstanding customer relationships that take years to build.

Far from being complacent, we see AI as a net tailwind for our business rather than a threat. QNX is positioned to be a critical enabler for physical AI where there is zero margin for error, and learnings from our leadership position in demanding automotive environments serve as a perfect blueprint. Further, in the hands of our R&D experts, powerful new AI tools increase productivity, accelerate development cycles, strengthen our competitive advantages, and enhance the operating leverage already embedded in our model.

Touching briefly on licensing, licensing revenue came in at \$4.8 million, slightly below guidance, due to quarterly variation in returns from preexisting arrangements that are not indicative of any change in the underlying business.

And with that, let me now turn the call over to Tim, who will provide further details on our financials.

#### **Tim Foote**

Thank you, John, and good morning, everyone. Earlier John described how both QNX and Secure Communications delivered stronger than expected revenue. This past quarter, we saw the impact of this year-over-year revenue growth in both divisions and for BlackBerry overall.

QNX gross margins expanded by 1 percentage point to 84% on record revenues of \$78.7 million. Further, this drove an 11% year-over-year growth in adjusted EBITDA for QNX to \$21.4 million, representing 27% of revenue for the quarter. For the full year, QNX delivered \$71 million of adjusted EBITDA, or 26% of revenue, which together with the 14% revenue growth meant that QNX was a Rule of 40 business both for the quarter and the full fiscal year.

The strong top line for Secure Comms also drove operating leverage, with gross margins expanding by 8 percentage points year-over-year in Q4, driven in part by stronger Secusmart software license revenue. This translated into a 27% adjusted EBITDA margin for Secure Comms, growing to \$19.5 million for Q4 and \$56.1 million for the full year, well ahead of guidance from this time last year.

Our licensing business contributed \$6.3 million of adjusted EBITDA in the quarter and \$21 million for the full year. This relatively passive income stream remains a solid source of both profitability and cash flow for BlackBerry.

Adjusted operating costs, excluding amortization for our corporate functions, came in at \$11.1 million in Q4 and \$41 million for the full fiscal year. Tight cost control reduced corporate overhead by 5% year-over-year in fiscal year 2026.

Pulling this all together, BlackBerry had a very strong fiscal quarter and solid fiscal year. Total company revenue grew 10% year-over-year in Q4 and 3% year-over-year for fiscal year 2026. For the quarter, year-over-year gross margins expanded by approximately 5 percentage points to 78.2% and adjusted EBITDA margins by 8 percentage points to 23%.

For Q4, BlackBerry generated \$36.1 million of adjusted EBITDA, driving full year performance exceeding the top end of our guidance range at \$107.1 million. Adjusted earnings per share for Q4 also beat the top end of the guidance range at \$0.06.

In Q4, we converted this strong profitability into cash flow. During the quarter, we generated \$45.6 million of operating cash flow and a further \$38 million in deferred proceeds from the sale of Cylance to Arctic Wolf. This conversion of profitability into cash continues to strengthen our balance sheet. We exit fiscal year 2026 with \$432.4 million of cash and investments, or \$232 million of net cash. This provides the company with substantial optionality for capital deployment.

This past quarter we continued to execute on our share buyback program, repurchasing 6.7 million shares for \$25 million. This brings the total since the program launched in May of last year to 15.5 million shares, or \$60 million. The share buyback program serves two purposes: offsetting dilution from equity-based compensation and signaling how we value the company relative to current price levels. Further, given our capital generation, we are actively considering tuck-in M&A as a way to further accelerate growth in QNX.

While QNX has a strong organic path to durable long-term growth, we also see opportunities to increase both the speed and scale of that growth through strategic buy side M&A. The bar is high, however, and any M&A would need to be compelling both strategically and financially.

Moving now to guidance for Q1 and the full fiscal year, as John mentioned, the turnaround is now complete. BlackBerry is now positioned as a sustained growth story. QNX entered fiscal year 2027 with solid momentum. For Q1, we expect revenue to be in the range of \$60 million to \$64 million, reflecting the seasonal cadence that we've seen from QNX in recent years.

As John mentioned, growth from quarter-to-quarter is unlikely to be linear, due in part to the impact of upfront revenue from development licenses. Therefore, some quarters will have stronger year-over-year growth than others, but we believe the trajectory is clear and consistent.

For the full fiscal year, we expect to continue to drive solid top line growth, with revenue in the range of \$290 million to \$307 million. The top end of the range represents approximately 15% growth, an acceleration over fiscal year 2026, and this is our target. However, given the current uncertainty in the macroenvironment, we believe it's only prudent to price in some risk to the lower end of the range.

On the cost front, we continue to invest organically in our QNX business to capture the opportunities we see in front of us. We expect the sustained top line growth to translate into adjusted EBITDA for QNX in the range of \$69 million to \$81 million for the full year.

We expect Secure Comms to return to full year growth for the first time in six years. This is an important inflection point. The combination of digital sovereignty tailwinds and the benefits from key investments such as Secusmart iOS support, FedRAMP High Authorization for AtHoc, and UEM BSI certification is helping stabilize UEM and drive growth for AtHoc and Secusmart. We expect Q1 revenue in the range of \$66 million to \$70 million.

For the full fiscal year, we expect to deliver top line growth in the range of 4% to 8%, or \$270 million to \$280 million. We expect adjusted EBITDA for the fiscal year 2027 to be in the range of \$57 million to \$65 million.

For our licensing division, the revenue stream is relatively solid, and we expect licensing to remain a consistent source of profitability and cash flow. As a result, we continue to expect revenue to be approximately \$6 million each quarter and adjusted EBITDA of approximately \$5 million per quarter.

Bringing everything together at the total company level, we expect BlackBerry to deliver an acceleration in top line growth in the range of 6% to 11% for fiscal year 2027, or \$584 million to \$611 million. We expect adjusted EBITDA of between \$110 million and \$130 million, and non-GAAP EPS to increase significantly to be between \$0.15 and \$0.19. This EPS guidance does not reflect the impact of any potential future share repurchases.

Finally, in terms of cash, consistent with historical patterns, Q1 is expected to be a seasonal low for cash flow driven by the billings and payments timing. However, for the first time in three years, we expect BlackBerry to maintain positive operating cash flow generation in Q1 in the range of breakeven to \$10 million. Further, improved cash conversion is expected to drive full-year operating cash flow of approximately \$100 million, nearly doubling year-over-year.

With that, let me now turn the call back to John.

### **John Giamatteo**

Thanks for the summary, Tim. And before we move to Q&A, let me briefly summarize the key takeaways from this past year.

BlackBerry's turnaround is complete, and we are now firmly focused on growth and value creation. Over the past fiscal year, we delivered consistently improving fundamentals, highlighted by a record revenue quarter for QNX. Today QNX is a Rule of 40 business with growing backlog and

strong, sustained momentum. Secure Communications has returned to growth, supported by a demand environment for digital sovereignty that is both real and accelerating.

Across the company, we are growing, generating meaningful cash and deploying it with discipline. We have a proven track record of execution, a clear strategy, and we are well-positioned for the road ahead.

With that, let's now move to Q&A. So, Betsy, if you could please open up the lines?

## **QUESTION AND ANSWER**

### **Operator**

We will now begin the question and answer session. To ask a question, please press star-one on your telephone keypad. Please make sure your line is unmuted. Again, press star-one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. We request that you limit yourself to one question and one follow-up.

The first question today comes from Kingsley Crane with Canaccord Genuity. Please go ahead.

### **Kingsley Crane**

Hi. Thanks for taking the question. Congrats on really impressive results. This term physical AI is in vogue now, and you've been building capabilities in the GEM space for years. I'm just curious if customers understand that automotive really can be a blueprint here. And thinking about the distinction between deterministic action and probabilistic action, that seems important not just in autos, but also in other areas like general robotics. Just curious on that. Thanks.

### **John Giamatteo**

Yeah. Yeah, that's a really good perspective, Kingsley, and that's something that we think is really resonating in the prospects and the pipeline that we're building in the robotics space, and particularly in the GEM space. The credibility that we have in the automotive space with autonomous and all the safety certified capabilities that we provide there really translates so well into an environment like physical AI. And I think for that reason we get a lot of looks at new opportunities that maybe others don't and maybe we wouldn't have had in the past.

But we think the combination of leveraging that subject matter expertise, the building out of our go-to-market function and some of the partnerships that we have there, we're really starting to see some solid pipeline -- it'll take some time to convert it and to turn it into backlog and royalties and the rest of it, but we're very encouraged by the momentum that we see in that space.

### **Kingsley Crane**

Thanks, John. Really helpful. And for Tim, look, the ASPs on the GEM wins are meaningfully higher than automotive. Could you just remind us of the delta between those, and would these opportunities in physical AI meaningfully expand that further?

### **Tim Foote**

Yeah. Great question, Kingsley, and great to speak with you. Yeah. So, one of the things, obviously, is the volume equation. When you look at auto, you have some very significant volumes in terms of production runs, and you don't typically see that in GEM. But quite often in this space, particularly things like robotics and physical AI, right now it's speed to market. That's the most important thing as opposed to sort of driving gross margins for the OEMs themselves. So, what we're seeing is less price sensitivity on that side of the house.

What we see is ultimately the growth story is to have more instances of QNX running with more layers of software as well. And physical AI, as John mentioned, being a really compelling safety critical use case, is a really high performant edge compute type environment that we really would excel in. So, yes, we believe that, as GEM starts to grow as a portion of the overall pie, because it is growing pretty fast right now, that could be pretty accretive to our gross margins going forward.

**John Giamatteo**

Betsy, are we still with you?

**Operator**

The next question --

**John Giamatteo**

All right. Good.

**Operator**

The next question comes from Todd Coupland with CIBC. Please go ahead.

**Todd Coupland**

Yeah. Good morning, everyone. I wanted to ask about Alloy Kore. You talked about general availability later in the year. How meaningful could this be to your backlog? Maybe put that into the context of the \$950 million you just reported.

**John Giamatteo**

Yeah. Todd, I will tell you Tim and I talk about this all the time. We think this is one of -- the most underappreciated part of the business in terms of the upside potential that we have to this current year, because we're finding more and more OEMs are looking for us to do more and more of this kind of partnership with the likes of Vector.

So, the pipeline for that is growing significantly, and we do think it can have a meaningful impact to the overall backlog. We're confident on rolling it out in time, and we're also confident in converting a number of opportunities that are progressing really, really well.

So, it's hard to put a specific number on it. It'd probably be inappropriate for me to do that. But I do think it can have a significant impact to that \$950 million backlog and set us up even better for future growth in a place where we already have a lot of credibility.

**Todd Coupland**

And then in terms of robotics and automation, industrial automation, are you bucketing that in physical AI or is that a separate category? And then specifically on that, what does the pipeline look like, and how meaningful could that be to your backlog and growth in the coming year? Thanks a lot.

**John Giamatteo**

Yeah. Robotics, physical AI, when we think about the general embedded space, we think of really three categories that we've had great momentum on; industrial automation, medical instrumentation, it's a really nice win this quarter with Johnson & Johnson, and then robotics and physical AI. We kind of bring that together. Today it represents an overall 20% of our backlog and -ish of our revenue. And we think the robotics component of it is probably going to be one of the faster growing segments of those three verticals that we're focusing on.

So, we'll continue to provide updates on wins as we make further progress in this space. But between Alloy Kore and the GEM in those 3 verticals, we think the growth trajectory is -- very optimistic about the growth trajectory of those businesses.

**Todd Coupland**

Great. Thanks a lot, John.

**John Giamatteo**

Thanks, Todd.

**Operator**

As a reminder, if you would like to ask a question, please press star then one to join the question queue. The next question comes from Paul Treiber with RBC Capital Markets. Please go ahead.

**Paul Treiber**

Oh, thanks very much and good morning. As we can see, the QNX backlog growth, it did improve to 10% this year, up from 6% last year. Could you walk through some of the drivers of that improved growth, whether it's obviously new deals, but then also if there was any increases in any existing deals? And then what are some of the key product categories that are seeing stronger growth or contributing to that growth?

**John Giamatteo**

Yeah, great question. I'll start, Tim, you chip in.

**Tim Foote**

Yeah. Sure. Go ahead.

**John Giamatteo**

I think part of the growth in the backlog, Paul, is that we've built out the portfolio of QNX in a pretty comprehensive way. A few years ago, it was QNX SDP 7. Today it's QNX SDP 8, our next generation capability. Today it's QNX Cabin, which gives our OEM customers the ability to more cost effectively deploy their products. QNX Sound is another component of it. Alloy Kore is another component.

So, what was, I think, a more limited focus in the product portfolio is a much broader set of capability, and some of the wins this quarter with a major OEM in North America, where we've kind of gone deeper and richer with some of these other capabilities. So, having a broader portfolio within the auto space has, I think, been really, really helpful. And then obviously, we've already talked a little bit about the GEM momentum in those three verticals. So, the combination of all of that is I think what helped us, resulted in a really strong backlog number for the year.

**Paul Treiber**

And then secondly, just on investments that you're making, looking at guidance, it implies 20% EBITDA margins at the midpoint, basically flat despite revenue growth. So, obviously you're making investments. Could you walk through what are some of those larger investments, and then also if you still expect leverage off of corporate overhead and other cost efficiencies?

**Tim Foote**

Yeah, a really good question. So, ultimately we've got a very strong balance sheet, Paul. So, what we're looking to do is obviously deploy that capital intelligently to drive growth. We see now, as

John mentioned, return to a growth story. We see value creation going forward coming primarily now from top line growth and the operating leverage that that drives.

So, when we look at the QNX business, we see significant growth opportunities in many different ways, so obviously backing the Alloy Kore opportunity, driving forward with a full portfolio in the SDP 8 launch, making sure we've got the right go-to-market for GEM. So, we're backing all of those things.

So, looking at the QNX guide for the year, we're actually sort of holding EBITDA relatively flat, and that's a deliberate choice. We're making those investments in R&D and in sales and marketing to really drive that top line growth. Now, going forward, we see opportunities then for further leverage to come in the future. But for this year, we're really focused on that.

The other part you mentioned was the corporate overhead. I think we've done some tremendous heavy lifting over the last couple of years and taken out significant amount of cost. Now, we continue to take a very close look at every single dollar that we deploy across the business, but particularly in the corporate overhead. So, when longer term contracts are coming up for renewal, we're taking a hard look at those and seeing do we really need it? Can we downsize it? Are there alternatives?

So, what I'd say you'd expect to see this year is actually a decrease, a further decrease in corporate overhead from -- I think it's \$41 million. Maybe take \$4 or \$5 million off of that going into the new year. But I don't think cutting cost is really now the main focus. We've turned the page on that, Paul, and we're really looking to drive top line growth.

**Paul Treiber**

Thanks for taking the questions.

**Operator**

The next question comes from Steven Lee with Raymond James. Please go ahead.

**Steven Lee**

Thanks. Hey, guys, a quick one. How did share count jump to 643? I'm drawing a blank here, Tim. Thanks.

**Tim Foote**

643? No, that's not right.

**Steven Lee**

Yeah.

**Tim Foote**

I don't think that's right. It's five -- .

**Steven Lee**

It's not? The diluted share count was 643 for the Q4.

**Tim Foote**

No, the share count should have come down. We're just scrambling to see what the numbers were. So, we've gone from 590 basic down to 588, and that's really a function of the buybacks.

**Steven Lee**

Buybacks. Yep.

**Tim Foote**

We continue to actively -- particularly, there's -- .

**Steven Lee**

And then on the diluted share count?

**Tim Foote**

We need to take a look at that, Steven, and come back to you.

**Steven Lee**

Okay. All right, sounds good. Thanks.

**Operator**

I would like to turn the call back over to John Giamatteo, CEO of BlackBerry, for any closing remarks.

**CONCLUSION****John Giamatteo**

Terrific. Thank you, Betsy. Thanks, everybody, for being part of the call today.

Before I wrap up, I just want to make a quick note that our QNX team is going to be in Boston on May 27th and 28th for the Robotics Summit & Expo, one of the industry's largest events. John Wall will be opening the conference as part of the keynote there, and he'll also be on a panel with leaders from Amazon Robotics, Universal Robots, and Locus Robotics.

The team will also be showcasing the latest of our QNX innovations and how we provide the trusted foundation that robotics and physical AI systems rely on to operate safely and predictably in the real world. If you're in the area, please stop by. We'd love to see you there.

With that, thanks for joining today's call, and we'll see you all next time.

**Operator**

This concludes today's call. Thank you for your participation. You may now disconnect.