

December 20, 2019

FOR IMMEDIATE RELEASE

## BlackBerry Reports Fiscal 2020 Third Quarter Results

- **Total company non-GAAP revenue of \$280 million, or 23% growth year-over-year; total company GAAP revenue of \$267 million, or 18% growth year-over-year**
- **Total non-GAAP Software and Services revenue of \$275 million, or 26% growth year-over-year; total GAAP Software and Services revenue of \$262 million, or 21% growth year-over-year; both are record quarterly highs**
- **Total company non-GAAP earnings per basic and diluted share of \$0.03; GAAP loss per basic share of \$0.06 and GAAP loss per diluted share of \$0.07**
- **Total company free cash flow generated of \$37 million, as reported**

Waterloo, Ontario - BlackBerry Limited (NYSE: BB; TSX: BB) today reported financial results for the three months ended November 30, 2019 (all figures in U.S. dollars and U.S. GAAP, except where otherwise indicated).

### Third Quarter Fiscal 2020 Results

- Total company non-GAAP revenue for the third quarter of fiscal 2020 was \$280 million, up 23% year-over-year. Total company GAAP revenue for the third quarter of fiscal 2020 was \$267 million, up 18% year-over-year. Total non-GAAP software and services revenue was \$275 million, up 26% year-over-year. Total GAAP software and services revenue was \$262 million, up 21% year-over-year. Third quarter recurring non-GAAP software and services revenue (excluding IP licensing and professional services) was over 90%. Non-GAAP gross margin was 77% and GAAP gross margin was 74%.
- Total company non-GAAP operating earnings was \$20 million. Total company GAAP operating loss was \$29 million. Non-GAAP earnings per share was \$0.03 (basic and diluted). GAAP net loss was \$0.06 per basic share and \$0.07 per diluted share. GAAP net loss includes \$35 million for acquired intangibles amortization expense, \$15 million in stock compensation expense, \$10 million in restructuring charges, a benefit of \$20 million related to the fair value adjustment on the debentures, and other amounts as summarized in a table below.
- Total cash, cash equivalents, short-term and long-term investments was \$970 million as of November 30, 2019. Free cash flow generated, before considering the impact of acquisition and integration expenses, restructuring costs and legal proceedings, was \$41 million. Cash generated from operations was \$40 million and capital expenditures were \$3 million.

*“BlackBerry achieved sequential growth in revenue across all of our software businesses while generating healthy non-GAAP profitability and free cash flow as we continue to invest in our future,” said John Chen, Executive Chairman and CEO, BlackBerry. “I am pleased with our progress. Our pipeline is growing as we deliver against our product roadmap and execute on our go-to-market expansion.”*

**Outlook**

BlackBerry will provide fiscal year 2020 outlook in connection with the quarterly earnings announcement on its earnings conference call. The earnings call transcript will be made available on our website and on SEDAR.

**Reconciliation of GAAP revenue, gross margin, gross margin percentage, income (loss) before income taxes, net income (loss) and basic earnings (loss) per share to Non-GAAP revenue, gross margin, gross margin percentage, income before income taxes, net income and basic earnings per share for the three months ended November 30, 2019:**

Q3 Fiscal 2020 Non-GAAP Adjustments		For the Three Months Ended November 30, 2019 <i>(in millions, except for per share amounts)</i>					
	Income statement location	Revenue	Gross margin <i>(before taxes)</i>	Gross margin % <i>(before taxes)</i>	Income (loss) before income taxes	Net income (loss)	Basic earnings (loss) per share
<b>As reported</b>		\$ 267	\$ 198	74.2%	\$ (30)	\$ (32)	\$ (0.06)
Debentures fair value adjustment <sup>(2)</sup>	Debentures fair value adjustment	—	—	—%	(20)	(20)	
Restructuring charges <sup>(3)</sup>	Cost of sales	—	3	1.1%	3	3	
Restructuring charges <sup>(3)</sup>	Selling, marketing and administration	—	—	—%	7	7	
Software deferred revenue acquired <sup>(4)</sup>	Revenue	13	13	1.1%	13	13	
Software deferred commission expense acquired <sup>(5)</sup>	Selling, marketing and administration	—	—	—%	(4)	(4)	
Stock compensation expense <sup>(6)</sup>	Cost of sales	—	1	0.4%	1	1	
Stock compensation expense <sup>(6)</sup>	Research and development	—	—	—%	4	4	
Stock compensation expense <sup>(6)</sup>	Selling, marketing and administration	—	—	—%	10	10	
Acquired intangibles amortization <sup>(7)</sup>	Amortization	—	—	—%	35	35	
<b>Adjusted</b>		<u>\$ 280</u>	<u>\$ 215</u>	<u>76.8%</u>	<u>\$ 19</u>	<u>\$ 17</u>	<u>\$ 0.03</u>

Note: Non-GAAP revenue, non-GAAP gross margin, non-GAAP gross margin percentage, non-GAAP income before income taxes, non-GAAP net income and non-GAAP basic 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. Investors should consider these non-GAAP measures in the context of the Company's GAAP results.

- (1) During the third quarter of fiscal 2020, the Company reported GAAP gross margin of \$198 million or 74.2% of revenue. Excluding the impact of stock compensation expense and restructuring charges included in cost of sales and software deferred revenue acquired included in revenue, non-GAAP gross margin was \$215 million, or 76.8% of revenue.
- (2) During the third quarter of fiscal 2020, the Company recorded the Q3 Fiscal 2020 Debentures Fair Value Adjustment of \$20 million. This adjustment was presented on a separate line in the Consolidated Statements of Operations.
- (3) During the third quarter of fiscal 2020, the Company incurred restructuring charges of approximately \$10 million, of which \$3 million was included in cost of sales and \$7 million was included selling, marketing and administration expense.
- (4) During the third quarter of fiscal 2020, the Company recorded software deferred revenue acquired but not recognized due to business combination accounting rules of \$13 million, which was included in BlackBerry Cylance revenue.
- (5) During the third quarter of fiscal 2020, the Company recorded deferred commission expense acquired but not recognized due to business combination accounting rules of approximately of \$4 million.

- (6) During the third quarter of fiscal 2020, the Company recorded stock compensation expense of \$15 million, of which \$1 million was included in cost of sales, \$4 million was included in research and development, and \$10 million was included in selling, marketing and administration expense.
- (7) During the third quarter of fiscal 2020, the Company recorded amortization of intangible assets acquired through business combinations of \$35 million, which was included in amortization expense.

### Supplementary Geographic Revenue Breakdown

**BlackBerry Limited**  
(United States dollars, in millions)  
**Revenue by Region**

	For the Quarters Ended									
	November 30, 2019		August 31, 2019		May 31, 2019		February 28, 2019		November 30, 2018	
North America	\$ 188	70.4%	\$ 179	73.4%	\$ 160	64.8%	\$ 176	69.0%	\$ 151	66.8%
Europe, Middle East and Africa	60	22.5%	47	19.3%	61	24.7%	61	23.9%	56	24.8%
Other regions	19	7.1%	18	7.3%	26	10.5%	18	7.1%	19	8.4%
<b>Total</b>	<b>\$ 267</b>	<b>100.0%</b>	<b>\$ 244</b>	<b>100.0%</b>	<b>\$ 247</b>	<b>100.0%</b>	<b>\$ 255</b>	<b>100.0%</b>	<b>\$ 226</b>	<b>100.0%</b>

### Supplementary Revenue by Product and Service Type Breakdown

**BlackBerry Limited**  
(United States dollars, in millions)  
**Revenue by Product and Service Type**

	U.S. GAAP		Adjustments		Non-GAAP	
	For the Three Months Ended		For the Three Months Ended		For the Three Months Ended	
	November 30, 2019	November 30, 2018	November 30, 2019	November 30, 2018	November 30, 2019	November 30, 2018
IoT	\$ 145	\$ 148	\$ —	\$ 2	\$ 145	\$ 150
BlackBerry Cylance	40	1	13	—	53	1
Licensing	77	68	—	—	77	68
Other	5	9	—	—	5	9
<b>Total</b>	<b>\$ 267</b>	<b>\$ 226</b>	<b>\$ 13</b>	<b>\$ 2</b>	<b>\$ 280</b>	<b>\$ 228</b>

## Conference Call and Webcast

A conference call and live webcast will be held today beginning at 8 a.m. ET, which can be accessed by dialing 1-877-682-6267 or by logging on at BlackBerry.com/Investors. A replay of the conference call will also be available at approximately 11 a.m. ET by dialing 1-800-585-8367 and entering Conference ID #9608207 and at the link above.

## About BlackBerry

BlackBerry (NYSE: BB; TSX: BB) is a trusted security software and services company that provides enterprises and governments with the technology they need to secure the Internet of Things. Based in Waterloo, Ontario, the company is unwavering in its commitment to safety, cybersecurity and data privacy, and leads in key areas such as artificial intelligence, endpoint security and management, encryption and embedded systems. For more information, visit BlackBerry.com and follow @BlackBerry.

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This news release contains forward-looking statements within the meaning of certain securities laws, including under the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including statements regarding: BlackBerry's plans, strategies and objectives including the anticipated benefits of its strategic initiatives and its intentions to expand and enhance its product and service offerings.

The words "expect", "anticipate", "estimate", "may", "will", "should", "could", "intend", "believe", "target", "plan" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are based on estimates and assumptions made by BlackBerry in light of its experience, historical trends, current conditions and expected future developments, as well as other factors that BlackBerry believes are appropriate in the circumstances. Many factors could cause BlackBerry's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including the following risks: BlackBerry's ability to enhance, develop, introduce or monetize products and services for the enterprise market in a timely manner with competitive pricing, features and performance; BlackBerry's ability to maintain or expand its customer base for its software and services offerings to grow revenue or achieve sustained profitability; the intense competition faced by BlackBerry; the occurrence or perception of a breach of BlackBerry's network or product security measures or an inappropriate disclosure of confidential or personal information could significantly harm its business; risks related to BlackBerry's continuing ability to attract new personnel, retain existing key personnel and manage its staffing effectively; BlackBerry's dependence on its relationships with resellers and channel partners; risks related to acquisitions, divestitures, investments and other business initiatives, which may negatively affect BlackBerry's results of operations; risks related to BlackBerry's products and services being dependent upon interoperability with rapidly changing systems provided by third parties; the risk that failure to protect BlackBerry's intellectual property could harm its ability to compete effectively and BlackBerry may not earn the revenues it expects from intellectual property rights; the risk that BlackBerry could be found to have infringed on the intellectual property rights of others; the risk that litigation against BlackBerry may result in adverse outcomes; risks related to the use and management of user data and personal information,

which could give rise to liabilities as a result of legal, customer and other third-party requirements; BlackBerry's ability to obtain rights to use third-party software; the risk that network disruptions or other business interruptions could have a material adverse effect on BlackBerry's business and harm its reputation; BlackBerry's ability to generate revenue and profitability through the licensing of security software and services or the BlackBerry brand to device manufacturers; the substantial asset risk faced by BlackBerry, including the potential for charges related to its long-lived assets and goodwill; risks related to BlackBerry's indebtedness, which could adversely affect its operating flexibility and financial condition; risks related to government regulations applicable to BlackBerry's products and services, including products containing encryption capabilities, which could negatively impact BlackBerry's business; risks related to foreign operations, including fluctuations in foreign currencies; risks associated with any errors in BlackBerry's products and services, which can be difficult to remedy and could have a material adverse effect on BlackBerry's business; risks related to the failure of BlackBerry's suppliers, subcontractors, channel partners and representatives to use acceptable ethical business practices or to comply with applicable laws, which could negatively impact BlackBerry's business; BlackBerry's reliance on third parties to manufacture and repair its hardware products; risks related to the Company's success in fostering an ecosystem of third-party application developers; risks related to regulations regarding health and safety, hazardous materials usage and conflict minerals, and to product certification risks; risks related to tax provision changes, the adoption of new tax legislation or exposure to additional tax liabilities, which could materially impact BlackBerry's financial condition; risks related to the fluctuation of BlackBerry's quarterly revenue and operating results; the volatility of the market price of BlackBerry's common shares; and risks related to adverse economic and geopolitical conditions, which may negatively affect BlackBerry.

These risk factors and others relating to BlackBerry are discussed in greater detail in BlackBerry's Annual Information Form, which is included in its Annual Report on Form 40-F and the "Cautionary Note Regarding Forward-Looking Statements" section of BlackBerry's MD&A (copies of which filings may be obtained at [www.sedar.com](http://www.sedar.com) or [www.sec.gov](http://www.sec.gov)). All of these factors should be considered carefully, and readers should not place undue reliance on BlackBerry's forward-looking statements. Any statements that are forward-looking statements are intended to enable BlackBerry's shareholders to view the anticipated performance and prospects of BlackBerry from management's perspective at the time such statements are made, and they are subject to the risks that are inherent in all forward-looking statements, as described above, as well as difficulties in forecasting BlackBerry's financial results and performance for future periods, particularly over longer periods, given changes in technology and BlackBerry's business strategy, evolving industry standards, intense competition and short product life cycles that characterize the industries in which BlackBerry operates. BlackBerry 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 applicable law.

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## BlackBerry Limited

Incorporated under the Laws of Ontario

(United States dollars, in millions except share and per share amounts) (unaudited)

### Consolidated Statements of Operations

	For the Three Months Ended			For the Nine Months Ended	
	November 30, 2019	August 31, 2019	November 30, 2018	November 30, 2019	November 30, 2018
<b>Revenue</b>	\$ 267	\$ 244	\$ 226	\$ 758	\$ 649
<b>Cost of sales</b>	<b>69</b>	68	56	207	157
<b>Gross margin</b>	<b>198</b>	176	170	551	492
<b>Gross margin %</b>	<b>74.2%</b>	72.1%	75.2%	72.7%	75.8%
<b>Operating expenses</b>					
Research and development	66	62	55	199	167
Selling, marketing and administration	132	132	93	385	299
Amortization	49	48	33	146	105
Debentures fair value adjustment	(20)	(23)	(69)	(71)	(111)
	<b>227</b>	219	112	659	460
<b>Operating income (loss)</b>	<b>(29)</b>	(43)	58	(108)	32
Investment income (loss), net	(1)	—	2	2	13
<b>Income (loss) before income taxes</b>	<b>(30)</b>	(43)	60	(106)	45
<b>Provision for income taxes</b>	<b>2</b>	1	1	5	3
<b>Net income (loss)</b>	<b>\$ (32)</b>	\$ (44)	\$ 59	\$ (111)	\$ 42
<b>Earnings (loss) per share</b>					
Basic	<b>\$ (0.06)</b>	\$ (0.08)	\$ 0.11	\$ (0.20)	\$ 0.08
Diluted	<b>\$ (0.07)</b>	\$ (0.10)	\$ (0.01)	\$ (0.27)	\$ (0.09)
Weighted-average number of common shares outstanding (000s)					
Basic	<b>554,585</b>	552,343	540,406	552,931	538,251
Diluted	<b>615,085</b>	612,843	600,906	613,431	598,751
Total common shares outstanding (000s)	<b>552,132</b>	548,336	547,084	552,132	547,084

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**Consolidated Balance Sheets**

	As at	
	November 30, 2019	February 28, 2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 515	\$ 548
Short-term investments	367	368
Accounts receivable, net	216	233
Other receivables	13	19
Income taxes receivable	10	9
Other current assets	58	56
	1,179	1,233
<b>Restricted cash and cash equivalents</b>	32	34
<b>Long-term investments</b>	56	55
<b>Other long-term assets</b>	23	28
<b>Deferred income tax assets</b>	—	2
<b>Operating lease right-of-use assets</b>	133	—
<b>Property, plant and equipment, net</b>	76	85
<b>Goodwill</b>	1,459	1,463
<b>Intangible assets, net</b>	955	1,068
	\$ 3,913	\$ 3,968
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 27	\$ 48
Accrued liabilities	193	192
Income taxes payable	19	17
Debentures	609	—
Deferred revenue, current	264	253
	1,112	510
<b>Deferred revenue, non-current</b>	117	136
<b>Operating lease liabilities</b>	127	—
<b>Other long-term liabilities</b>	8	19
<b>Long-term debentures</b>	—	665
<b>Deferred income tax liabilities</b>	1	2
	1,365	1,332
<b>Shareholders' equity</b>		
<b>Capital stock and additional paid-in capital</b>	2,742	2,688
<b>Deficit</b>	(157)	(32)
<b>Accumulated other comprehensive loss</b>	(37)	(20)
	2,548	2,636
	\$ 3,913	\$ 3,968



**BlackBerry Limited**  
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**Consolidated Statements of Cash Flows**

	<b>For the Nine Months Ended</b>	
	<b>November 30, 2019</b>	<b>November 30, 2018</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (111)	\$ 42
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization	160	116
Stock-based compensation	46	53
Non-cash consideration received from contract with a customer	(8)	—
Debentures fair value adjustment	(71)	(111)
Other long-term assets	—	2
Operating leases	(12)	—
Other	9	4
Net changes in working capital items:		
Accounts receivable, net	17	13
Other receivables	6	46
Income taxes receivable	(1)	13
Other assets	3	(1)
Accounts payable	(21)	(14)
Income taxes payable	2	(1)
Accrued liabilities	(24)	(57)
Deferred revenue	(10)	(23)
Other long-term liabilities	7	—
<b>Net cash provided by (used in) operating activities</b>	<b>(8)</b>	<b>82</b>
<b>Cash flows from investing activities</b>		
Acquisition of long-term investments	(1)	(2)
Proceeds on sale or maturity of long-term investments	—	2
Acquisition of property, plant and equipment	(9)	(14)
Proceeds on sale of property, plant and equipment	—	1
Acquisition of intangible assets	(24)	(24)
Business acquisitions, net of cash acquired	1	—
Acquisition of short-term investments	(829)	(2,754)
Proceeds on sale or maturity of short-term investments	830	2,962
<b>Net cash provided by (used in) investing activities</b>	<b>(32)</b>	<b>171</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares	8	5
Finance lease liability	(2)	—
<b>Net cash provided by financing activities</b>	<b>6</b>	<b>5</b>
<b>Effect of foreign exchange loss on cash, cash equivalents, restricted cash, and restricted cash equivalents</b>	<b>(1)</b>	<b>(3)</b>
<b>Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents during the period</b>	<b>(35)</b>	<b>255</b>
<b>Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period</b>	<b>582</b>	<b>855</b>
<b>Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period</b>	<b>\$ 547</b>	<b>\$ 1,110</b>
<b>As at</b>	<b>November 30, 2019</b>	<b>February 28, 2019</b>
Cash and cash equivalents	\$ 515	\$ 548
Restricted cash and cash equivalents	\$ 32	\$ 34
Short-term investments	\$ 367	\$ 368
Long-term investments	\$ 56	\$ 55