

June 24, 2020

FOR IMMEDIATE RELEASE

BlackBerry Reports Fiscal 2021 First Quarter Results

- **Total company non-GAAP revenue of \$214 million; total company GAAP revenue of \$206 million.**
- **Non-GAAP earnings per basic and diluted share of \$0.02; GAAP loss per basic and diluted share of \$1.14 primarily due to a non-cash, one-time goodwill impairment charge.**
- **Net cash used by operating activities of \$31 million and capital expenditures of \$1 million.**

Waterloo, Ontario - [BlackBerry Limited](#) (NYSE: BB; TSX: BB) today reported financial results for the three months ended May 31, 2020 (all figures in U.S. dollars and U.S. GAAP, except where otherwise indicated).

“BlackBerry QNX was impacted by macro headwinds in the auto and other embedded sectors but we are starting to see signs of a recovery,” said John Chen, Executive Chairman and CEO, BlackBerry. “On the enterprise front, we saw good demand from customers who recognized the necessity for BlackBerry’s security, business continuity, and productivity solutions in an increasingly remote working environment. BlackBerry is capitalizing on the secular trends of securing and connecting endpoints.”

First Quarter Fiscal 2021 Highlights

- Total company non-GAAP revenue for the first quarter of fiscal 2021 was \$214 million versus \$267 million last year. Total company GAAP revenue for the first quarter of fiscal 2021 was \$206 million versus \$247 million last year.
- Recurring non-GAAP software product revenue was over 90%.
- Non-GAAP gross margin was 71% versus 75% last year and GAAP gross margin was 69% versus 72% last year.
- Non-GAAP operating earnings were \$3 million versus non-GAAP operating earnings of \$5 million last year. GAAP operating loss was \$645 million versus GAAP operating loss of \$36 million last year.
- Non-GAAP earnings per share was \$0.02 (basic and diluted) versus non-GAAP earnings per share of \$0.01 (basic and diluted) last year. GAAP net loss per share was \$1.14 (basic and diluted) versus GAAP net loss per share of \$0.06 (basic) and \$0.09 (diluted) last year.

- First quarter fiscal 2021 GAAP net loss includes \$594 million in a non-cash, one-time goodwill impairment charge primarily related to the impairment of the BlackBerry Spark® reporting unit, \$33 million for acquired intangibles amortization expense, \$14 million in stock compensation expense, a charge of \$1 million related to the fair value adjustment on the debentures, and other amounts as summarized in the table below.
- At May 31, 2020, total cash, cash equivalents, short-term and long-term investments were \$955 million. Net cash used by operating activities of \$31 million and capital expenditures of \$1 million.

Outlook

Given the uncertainty across the global economy due to the COVID-19 pandemic, BlackBerry is not providing a financial outlook for fiscal 2021.

Use of Non-GAAP Financial Measures

The tables at the end of this press release include a reconciliation of the non-GAAP financial measures used by the company to comparable GAAP measures and an explanation of why the company uses them.

Conference Call and Webcast

A conference call and live webcast will be held today beginning at 5:30 p.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 8 p.m. ET by dialing 1-800-585-8367 and entering Conference ID #5177627 and at the link above.

About BlackBerry

BlackBerry (NYSE: BB; TSX: BB) provides intelligent security software and services to enterprises and governments around the world. The company secures more than 500M endpoints including more than 175M cars on the road today. Based in Waterloo, Ontario, the company leverages AI and machine learning to deliver innovative solutions in the areas of cybersecurity, safety and data privacy solutions, and is a leader in the areas of endpoint security management, encryption, and embedded systems. BlackBerry's vision is clear - to secure a connected future you can trust.

BlackBerry. Intelligent Security. Everywhere.

For more information, visit BlackBerry.com and follow @BlackBerry.

Investor Contact:

BlackBerry Investor Relations

(519) 888-7465

investor_relations@blackberry.com

Media Contact:

BlackBerry Media Relations

(519) 597-7273

mediarelations@blackberry.com

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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 its intentions to achieve long-term profitable revenue growth and increase 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 and its perception of historical trends, current conditions and expected future developments, as well as other factors that BlackBerry believes are appropriate in the circumstances, including but not limited to, BlackBerry's expectations regarding its business, strategy, opportunities and prospects, the launch of new products and services, general economic conditions, competition, and BlackBerry's expectations regarding its financial performance. 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, without limitation, risks related to the following factors: 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 cybersecurity measures, or an inappropriate disclosure of confidential or personal information; the failure or perceived failure of BlackBerry's solutions to detect or prevent security vulnerabilities; the outbreak of the COVID-19 coronavirus; 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; BlackBerry's ability to obtain rights to use third-party software and its use of open source software; failure to protect BlackBerry's intellectual property and to earn revenues from intellectual property rights; litigation against BlackBerry; the substantial asset risk faced by BlackBerry, including the potential for charges related to its long-lived assets and goodwill; BlackBerry's indebtedness; acquisitions, divestitures and other business initiatives; BlackBerry's products and services being dependent upon interoperability with rapidly changing systems provided by third parties; BlackBerry being found to have infringed on the intellectual property rights of others; the use and management of user data and personal information; network disruptions or other business interruptions; government regulations applicable to BlackBerry's products and services, including products containing encryption capabilities; foreign operations, including fluctuations in foreign currencies; the failure of BlackBerry's suppliers, subcontractors, channel partners and representatives to use acceptable ethical business practices or comply with applicable laws; BlackBerry's ability to generate revenue and profitability through the licensing of security software and services or the BlackBerry brand to device manufacturers; BlackBerry's reliance on third parties to manufacture and repair its hardware products; fostering an ecosystem of third-party application developers; regulations regarding health and safety, hazardous materials usage and conflict minerals, and to product certification risks; tax provision changes, the adoption of new tax legislation or exposure to additional tax liabilities; the fluctuation of BlackBerry's quarterly revenue and operating results; the volatility of the market price of BlackBerry's common shares; and adverse economic and geopolitical conditions.

These risk factors and others relating to BlackBerry are discussed in greater detail in BlackBerry's Annual Report on Form 10-K 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 or 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 | | |
|---|-----------------------------------|--------------------------|---------------------|
| | May 31, 2020 | February 29, 2020 | May 31, 2019 |
| Revenue | \$ 206 | \$ 282 | \$ 247 |
| Cost of sales | 63 | 70 | 70 |
| Gross margin | 143 | 212 | 177 |
| Gross margin % | 69.4 % | 75.2 % | 71.7 % |
| Operating expenses | | | |
| Research and development | 57 | 60 | 71 |
| Selling, marketing and administration | 90 | 113 | 121 |
| Amortization | 46 | 48 | 49 |
| Impairment of long-lived assets | — | 5 | — |
| Impairment of goodwill | 594 | 22 | — |
| Debentures fair value adjustment | 1 | 5 | (28) |
| | 788 | 253 | 213 |
| Operating loss | (645) | (41) | (36) |
| Investment income (loss), net | — | (1) | 3 |
| Loss before income taxes | (645) | (42) | (33) |
| Provision for (recovery of) income taxes | (9) | (1) | 2 |
| Net loss | \$ (636) | \$ (41) | \$ (35) |
| Loss per share | | | |
| Basic | \$ (1.14) | \$ (0.07) | \$ (0.06) |
| Diluted | \$ (1.14) | \$ (0.07) | \$ (0.09) |
| | | | |
| Weighted-average number of common shares outstanding (000s) | | | |
| Basic | 557,839 | 556,668 | 551,845 |
| Diluted | 557,839 | 556,668 | 612,345 |
| Total common shares outstanding (000s) | 555,623 | 554,199 | 547,922 |

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Consolidated Balance Sheets

As at

| | <u>May 31, 2020</u> | <u>February 29, 2020</u> |
|---|---------------------|--------------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 312 | \$ 377 |
| Short-term investments | 562 | 532 |
| Accounts receivable, net of allowance of \$13 and \$9, respectively | 210 | 215 |
| Other receivables | 20 | 14 |
| Income taxes receivable | 8 | 6 |
| Other current assets | 60 | 52 |
| | <u>1,172</u> | <u>1,196</u> |
| Restricted cash and cash equivalents | 48 | 49 |
| Long-term investments | 33 | 32 |
| Other long-term assets | 57 | 65 |
| Operating lease right-of-use assets, net | 118 | 124 |
| Property, plant and equipment, net | 66 | 70 |
| Goodwill | 843 | 1,437 |
| Intangible assets, net | 878 | 915 |
| | <u>\$ 3,215</u> | <u>\$ 3,888</u> |
| Liabilities | | |
| Current | | |
| Accounts payable | \$ 46 | \$ 31 |
| Accrued liabilities | 185 | 202 |
| Income taxes payable | 12 | 18 |
| Debentures | 599 | 606 |
| Deferred revenue, current | 249 | 264 |
| | <u>1,091</u> | <u>1,121</u> |
| Deferred revenue, non-current | 92 | 109 |
| Operating lease liabilities | 111 | 120 |
| Other long-term liabilities | 8 | 9 |
| | <u>1,302</u> | <u>1,359</u> |
| Shareholders' equity | | |
| Capital stock and additional paid-in capital | 2,777 | 2,760 |
| Deficit | (838) | (198) |
| Accumulated other comprehensive loss | (26) | (33) |
| | <u>1,913</u> | <u>2,529</u> |
| | <u>\$ 3,215</u> | <u>\$ 3,888</u> |

BlackBerry Limited
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 (United States dollars, in millions) (unaudited)

Consolidated Statements of Cash Flows

| | Three Months Ended | |
|--|---------------------|--------------------------|
| | May 31, 2020 | May 31, 2019 |
| Cash flows from operating activities | | |
| Net loss | \$ (636) | \$ (35) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization | 50 | 53 |
| Deferred income taxes | — | 2 |
| Stock-based compensation | 13 | 17 |
| Impairment of goodwill | 594 | — |
| Debentures fair value adjustment | 1 | (28) |
| Other long-term liabilities | (1) | — |
| Operating leases | (3) | (5) |
| Other | — | 2 |
| Net changes in working capital items | | |
| Accounts receivable, net | 1 | (30) |
| Other receivables | (6) | (4) |
| Income taxes receivable | (2) | — |
| Other assets | — | (9) |
| Accounts payable | 15 | 1 |
| Accrued liabilities | (18) | (57) |
| Income taxes payable | (7) | 2 |
| Deferred revenue | (32) | 27 |
| Net cash used in operating activities | (31) | (64) |
| Cash flows from investing activities | | |
| Acquisition of long-term investments | (1) | — |
| Acquisition of property, plant and equipment | (1) | (2) |
| Acquisition of intangible assets | (8) | (7) |
| Business acquisitions, net of cash acquired | — | 2 |
| Acquisition of short-term investments | (299) | (392) |
| Proceeds on sale or maturity of short-term investments | 270 | 270 |
| Net cash used in investing activities | (39) | (129) |
| Cash flows from financing activities | | |
| Issuance of common shares | 4 | 3 |
| Net cash provided by financing activities | 4 | 3 |
| Effect of foreign exchange loss on cash, cash equivalents, restricted cash, and restricted cash equivalents | — | (1) |
| Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents during the period | (66) | (191) |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period | 426 | 582 |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period | \$ 360 | \$ 391 |
| | May 31, 2020 | February 29, 2020 |
| As at | | |
| Cash and cash equivalents | \$ 312 | \$ 377 |
| Restricted cash and cash equivalents | \$ 48 | \$ 49 |
| Short-term investments | \$ 562 | \$ 532 |
| Long-term investments | \$ 33 | \$ 32 |

Reconciliations of Non-GAAP Measures with the Nearest Comparable GAAP Measures

In the Company's internal reports, management evaluates the performance of the Company's business on a non-GAAP basis by excluding the impact of the items below from the Company's financial results. The Company believes that excluding the below items provides readers of the Company's financial statements with a more consistent basis for comparison across accounting periods and is more useful in helping readers understand the Company's operating results and underlying operational trends.

Readers are cautioned that adjusted revenue, adjusted gross margin (before taxes), adjusted gross margin percentage (before taxes), adjusted operating expense, adjusted operating income, adjusted EBITDA, adjusted operating income margin percentage, adjusted EBITDA margin percentage, adjusted net income (loss), adjusted income (loss) per share, adjusted research and development expense, adjusted selling, marketing and administrative expense, adjusted amortization expense and free cash flow and similar measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other companies. These non-GAAP financial measures should be considered in the context of the U.S. GAAP results.

Reconciliation of non-GAAP based measures with most directly comparable GAAP based measures for the three months ended May 31, 2020 and May 31, 2019

A reconciliation of the most directly comparable U.S. GAAP financial measures for the three months ended May 31, 2020 and May 31, 2019 to adjusted financial measures is reflected in the tables below:

| For the Three Months Ended (in millions) | May 31, 2020 | May 31, 2019 |
|---|--------------|--------------|
| Revenue | \$ 206 | \$ 247 |
| Software deferred revenue acquired ⁽¹⁾ | 8 | 20 |
| Adjusted revenue | \$ 214 | \$ 267 |
| | | |
| Gross margin | \$ 143 | \$ 177 |
| Software deferred revenue acquired ⁽¹⁾ | 8 | 20 |
| Restructuring charges | — | 1 |
| Stock compensation expense | 2 | 1 |
| Adjusted gross margin | \$ 153 | \$ 199 |
| | | |
| Gross margin % | 69.4 % | 71.7 % |
| Software deferred revenue acquired ⁽¹⁾ | 1.2 % | 2.1 % |
| Restructuring charges | — % | 0.4 % |
| Stock compensation expense | 0.9 % | 0.3 % |
| Adjusted gross margin % | 71.5 % | 74.5 % |

⁽¹⁾ See Reconciliation of U.S. GAAP Software and Services revenue to adjusted Software and Services revenue

Reconciliation of operating expense for the three months ended May 31, 2020 and May 31, 2019 to adjusted operating expense is reflected in the tables below:

| For the Three Months Ended (in millions) | May 31, 2020 | May 31, 2019 |
|---|---------------|---------------|
| Operating expense | \$ 788 | \$ 213 |
| Restructuring charges | 1 | — |
| Stock compensation expense | 12 | 16 |
| Debenture fair value adjustment | 1 | (28) |
| Software deferred commission expense acquired | (3) | (5) |
| Acquired intangibles amortization | 33 | 35 |
| Business acquisition and integration costs | — | 1 |
| Goodwill impairment charge | 594 | — |
| LLA impairment charge | — | — |
| Adjusted operating expense | <u>\$ 150</u> | <u>\$ 194</u> |

Reconciliation of GAAP net loss and GAAP basic loss per share for the three months ended May 31, 2020 and May 31, 2019 to adjusted net income and adjusted basic earnings per share is reflected in the tables below:

| For the Three Months Ended (in millions, except per share amounts) | May 31, 2020 | | May 31, 2019 | |
|--|--------------|---|--------------|---|
| | | Basic earnings per share | | Basic earnings per share |
| Net loss | \$ (636) | \$(1.14) | \$ (35) | \$(0.06) |
| Software deferred revenue acquired | 8 | | 20 | |
| Restructuring charges | 1 | | 1 | |
| Stock compensation expense | 14 | | 17 | |
| Debenture fair value adjustment | 1 | | (28) | |
| Software deferred commission expense acquired | (3) | | (5) | |
| Acquired intangibles amortization | 33 | | 35 | |
| Business acquisition and integration costs | — | | 1 | |
| Goodwill impairment charge | 594 | | — | |
| Acquisition valuation allowance | — | | (1) | |
| Adjusted net income | <u>\$ 12</u> | <u>\$0.02</u> | <u>\$ 5</u> | <u>\$0.01</u> |

Reconciliation of U.S GAAP Software and Services revenue for the three months ended May 31, 2020 and May 31, 2019 to adjusted Software and Services revenue is reflected in the tables below:

| For the Three Months Ended (in millions) | May 31, 2020 | May 31, 2019 |
|---|---------------|---------------|
| Software and Services Revenue | \$ 148 | \$ 168 |
| Software deferred revenue acquired | 8 | 20 |
| Adjusted Software and Services revenue | <u>\$ 156</u> | <u>\$ 188</u> |

Reconciliation of U.S GAAP research and development, selling, marketing and administration, and amortization expense for the three months ended May 31, 2020 and May 31, 2019 to adjusted research and development, selling, marketing and administration, and amortization expense is reflected in the tables below:

| For the Three Months Ended (in millions) | May 31, 2020 | May 31, 2019 |
|---|--------------|--------------|
| Research and development | \$ 57 | \$ 71 |
| Stock compensation expense | 3 | 3 |
| Adjusted research and development | \$ 54 | \$ 68 |
| | | |
| Selling, marketing and administration | \$ 90 | \$ 121 |
| Restructuring charges | 1 | — |
| Software deferred commission expense acquired | (3) | (5) |
| Stock compensation expense | 9 | 13 |
| Business acquisition and integration costs | — | 1 |
| Adjusted selling, marketing and administration | \$ 83 | \$ 112 |
| | | |
| Amortization | \$ 46 | \$ 49 |
| Acquired intangibles amortization | 33 | 35 |
| Adjusted amortization | \$ 13 | \$ 14 |

Adjusted operating income, adjusted EBITDA, adjusted operating income margin percentage and adjusted EBITDA margin percentage for the three months ended May 31, 2020 and May 31, 2019 are reflected in the table below.

| For the Three Months Ended (in millions) | May 31, 2020 | May 31, 2019 |
|--|--------------|--------------|
| Operating loss | \$ (645) | \$ (36) |
| Non-GAAP adjustments to operating loss | | |
| Software deferred revenue acquired | 8 | 20 |
| Restructuring charges | 1 | 1 |
| Stock compensation expense | 14 | 17 |
| Debenture fair value adjustment | 1 | (28) |
| Software deferred commission expense acquired | (3) | (5) |
| Acquired intangibles amortization | 33 | 35 |
| Business acquisition and integration costs | — | 1 |
| Goodwill impairment charge | 594 | — |
| Total non-GAAP adjustments to operating loss | 648 | 41 |
| Adjusted operating income | 3 | 5 |
| Amortization | 50 | 53 |
| Acquired intangibles amortization | (33) | (35) |
| Adjusted EBITDA | \$ 20 | \$ 23 |
| | | |
| Adjusted revenue (per above) | \$ 214 | \$ 267 |
| Adjusted operating income margin % ⁽¹⁾ | 1 % | 2 % |
| Adjusted EBITDA margin % ⁽²⁾ | 9 % | 9 % |

⁽¹⁾ Adjusted operating income margin % is calculated by dividing adjusted operating income by adjusted revenue

⁽²⁾ Adjusted EBITDA margin % is calculated by dividing adjusted EBITDA by adjusted revenue