

September 28, 2017

**FOR IMMEDIATE RELEASE**

**BlackBerry Reports Record Software and Services Revenue in Fiscal 2018 Second Quarter**

- **Software and services revenue increased 26 percent year over year (non-GAAP) and 34 percent year over year (GAAP)**
- **Net income of \$26 million (non-GAAP) and \$19 million (GAAP)**

Waterloo, Ontario - BlackBerry Limited (NASDAQ: BBRY; TSX: BB), a global software leader in securing, connecting and mobilizing enterprises, today reported financial results for the three months ended August 31, 2017 (all figures in U.S. dollars and U.S. GAAP, except where otherwise indicated).

**Q2 Highlights**

- Total revenue of \$249 million (non-GAAP) and \$238 million (GAAP)
- Record software and services revenue of \$196 million (non-GAAP) and \$185 million (GAAP)
- Record gross margin of 76% (non-GAAP) and 74% (GAAP)
- Operating margin of 12% (non-GAAP) and 9% (GAAP)
- Operating income of \$29 million (non-GAAP) and \$22 million (GAAP)
- EPS of \$0.05 (non-GAAP) and fully diluted loss of (\$0.07) (GAAP)
- Adjusted EBITDA of \$50 million; positive for fourteenth consecutive quarter
- Adjusted EBITDA margin of 20%
- Total cash balance of \$2.5 billion at the end of the fiscal second quarter
- Achieved NIAP certification for SecuSUITE for Government, which brings an end-to-end solution for encrypted voice calls and text messages to the U.S. and Canadian governments; SecuSUITE is the only NIAP-certified voice solution supporting iOS, Android and BlackBerry 10 smartphones and tablets
- Achieved the highest scores in all six use cases of Gartner's Critical Capabilities for High-Security Mobility Management Report for the second consecutive year
- After the quarter, BlackBerry Workspaces received the highest scores in two use cases—Workforce Productivity and Centralized Content Protection—of Gartner's Critical Capabilities for Content Collaborations Platform Report
- After the quarter, announced that Delphi chose BlackBerry QNX to provide the operating system and software infrastructure for Delphi's fully integrated CSLP autonomous driving solution

**Q2 Results**

Non-GAAP revenue for the second quarter of fiscal 2018 was \$249 million with GAAP revenue of \$238 million. Approximately 79% of second quarter software and services revenue (excluding IP licensing and professional services) was recurring. BlackBerry had approximately 3,300 enterprise customer orders in the quarter.

Non-GAAP operating income was \$29 million, and non-GAAP earnings per share was \$0.05. GAAP operating income was \$22 million. GAAP net income for the quarter was \$19 million, or \$0.04 per basic share. Fully diluted

GAAP EPS was a loss of (\$0.07), which assumes conversion of the convertible debentures based on the “if-converted” method. GAAP net income includes \$24 million in amortization of acquired intangibles, \$29 million in restructuring charges, a benefit of \$70 million of fair value adjustment related to the debentures, and other amounts as summarized in a table below.

Total cash, cash equivalents, short-term and long-term investments were approximately \$2.5 billion as of August 31, 2017. This reflects breakeven free cash flow, which includes cash flow from operations of \$3 million, net of capital expenditures of \$3 million. The Company also used \$17 million to repurchase 1.9 million shares of common stock. Excluding \$605 million in the face value of the Company’s debt, the net cash balance at the end of the quarter was approximately \$1.9 billion. There were no purchase orders with contract manufacturers at the end of the second quarter, or at the end of the first quarter of fiscal 2018, down from \$71 million a year ago.

“I am pleased with our strong execution in Q2. We achieved historical highs in total software and services revenue and gross margin, as well as the highest non-GAAP operating margin in over five years, reflecting our complete transformation to a software company,” said John Chen, Executive Chairman and CEO, BlackBerry. “More importantly, we made significant progress on our key growth initiatives. Our enterprise billings grew 19 percent year over year driven by our Unified Endpoint Management platform. We secured important design wins in our automotive business, and we expanded our sales channels for our Radar IOT solution. In our licensing businesses, we have a growing pipeline of opportunities with our BlackBerry Secure software and our IP portfolio.”

“Our position as a market leader in security continues to strengthen,” continued Chen. “For the second consecutive year, BlackBerry achieved the highest scores in all six use cases in the Gartner Critical Capabilities for High-Security Mobility Management report. We added four new FedRAMP customers and now have over 300,000 licensed users on our FedRAMP authorized cloud service as of the end of Q2, an increase of 162 percent over Q1.”

“Based on our progress thus far in FY18, we are on track to achieve software and services revenue growth in the range of 10 percent to 15 percent and profitability for the full year.”

## **Outlook**

The Company is providing the following updated outlook for fiscal 2018:

- Total non-GAAP revenue in the range of \$920 million to \$950 million
- Total non-GAAP software and services revenue growth in the range of 10 percent to 15 percent
- Positive non-GAAP EPS for the full year
- Positive free cash flow for the full year, before taking into account the net impact of the benefit of the Qualcomm arbitration award and costs related to restructuring and transition from the hardware business.

**Reconciliation of GAAP revenue, gross margin, gross margin percentage, income before income taxes, net income and basic earnings per share to Non-GAAP revenue, gross margin, gross margin percentage, income before income taxes, net income and basic earnings per share:**

(United States dollars, in millions except per share data)

Q2 Fiscal 2018 Non-GAAP Adjustments		For the Three Months Ended August 31, 2017 (in millions, except for per share amounts)					
	Income statement location	Revenue	Gross margin (before taxes)	Gross margin % (before taxes)	Income (loss) before income taxes	Net income (loss)	Basic earnings (loss) per share
<b>As reported</b>		\$ 238	\$ 175	73.5%	\$ 23	\$ 19	\$ 0.04
Debentures fair value adjustment <sup>(2)</sup>	Debentures fair value adjustment	—	—	—%	(70)	(70)	
LLA impairment charge <sup>(3)</sup>	Impairment of long-lived assets	—	—	—%	11	11	
Patent abandonment <sup>(4)</sup>	Loss on sale, disposal and abandonment of long-lived assets	—	—	—%	2	2	
RAP charges <sup>(5)</sup>	Cost of sales	—	3	1.3%	3	3	
RAP charges <sup>(5)</sup>	Research and development	—	—	—%	1	1	
RAP charges <sup>(5)</sup>	Selling, marketing and administration	—	—	—%	12	12	
Software deferred revenue acquired <sup>(6)</sup>	Revenue	11	11	1.1%	11	11	
Stock compensation expense <sup>(7)</sup>	Cost of sales	—	1	0.4%	1	1	
Stock compensation expense <sup>(7)</sup>	Research and development	—	—	—%	3	3	
Stock compensation expense <sup>(7)</sup>	Selling, marketing and administration	—	—	—%	8	8	
Acquired intangibles amortization <sup>(8)</sup>	Amortization	—	—	—%	24	24	
Business acquisition and integration costs <sup>(9)</sup>	Selling, marketing and administration	—	—	—%	1	1	
<b>Adjusted</b>		<b>\$ 249</b>	<b>\$ 190</b>	<b>76.3%</b>	<b>\$ 30</b>	<b>\$ 26</b>	<b>\$ 0.05</b>

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 income 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 second quarter of fiscal 2018, the Company reported GAAP gross margin of \$175 million or 73.5% of revenue. Excluding the impact of the resource alignment program ("RAP") charges and stock compensation expense included in cost of sales and software deferred revenue acquired included in revenue, the non-GAAP gross margin was \$190 million, or 76.3% of revenue.
- (2) During the second quarter of fiscal 2018, the Company recorded the Q2 Fiscal 2018 Debentures Fair Value Adjustment of \$(70) million. This adjustment was presented on a separate line in the Consolidated Statements of Operations.
- (3) During the second quarter of fiscal 2018, the Company recorded a long-lived asset ("LLA") impairment charge of \$11 million, which was presented on a separate line in the Consolidated Statements of Operations.

- (4) During the second quarter of fiscal 2018, the Company incurred charges related to selective patent abandonments of \$2 million, which was included in loss on sale, disposal and abandonment of long-lived assets.
- (5) During the second quarter of fiscal 2018, the Company incurred charges related to the RAP of approximately \$16 million, of which \$3 million was included in cost of sales, \$1 million was included in research and development expense and \$12 million was included in selling, marketing and administration expense.
- (6) During the second quarter of fiscal 2018, the Company recorded software deferred revenue acquired but not recognized due to business combination accounting rules of \$11 million, which was included in enterprise software and services revenue.
- (7) During the second quarter of fiscal 2018, the Company recorded stock compensation expense of \$12 million, of which \$1 million was included in cost of sales, \$3 million was included in research and development, and \$8 million was included in selling, marketing and administration expenses.
- (8) During the second quarter of fiscal 2018, the Company recorded amortization of intangible assets acquired through business combinations of \$24 million, which was included in amortization expense.
- (9) During the second quarter of fiscal 2018, the Company recorded business acquisition and integration costs incurred through business combinations of \$1 million, which was included in selling, marketing and administration expenses.

### Supplementary Geographic Revenue Breakdown

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

	For the quarters ended									
	August 31, 2017		May 31, 2017		February 28, 2017		November 30, 2016		August 31, 2016	
North America	\$ 133	55.9%	\$ 127	54.0%	\$ 166	58.0%	\$ 167	57.8%	\$ 170	50.9%
Europe, Middle East and Africa	76	31.9%	70	29.8%	83	29.0%	87	30.1%	111	33.2%
Latin America	4	1.7%	4	1.7%	5	1.8%	7	2.4%	13	3.9%
Asia Pacific	25	10.5%	34	14.5%	32	11.2%	28	9.7%	40	12.0%
<b>Total</b>	<b>\$ 238</b>	<b>100.0%</b>	<b>\$ 235</b>	<b>100.0%</b>	<b>\$ 286</b>	<b>100.0%</b>	<b>\$ 289</b>	<b>100.0%</b>	<b>\$ 334</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**

	US GAAP		Adjustments		Non-GAAP	
	Three months ended		Three months ended		Three months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Enterprise software and services	\$ 91	\$ 84	\$ 11	\$ 18	\$ 102	\$ 102
BlackBerry Technology Solutions	38	38	—	—	38	38
Licensing, IP and other	56	16	—	—	56	16
Handheld devices	16	105	—	—	16	105
SAF	37	91	—	—	37	91
<b>Total</b>	<b>\$ 238</b>	<b>\$ 334</b>	<b>\$ 11</b>	<b>\$ 18</b>	<b>\$ 249</b>	<b>\$ 352</b>

## Conference Call and Webcast

A conference call and live webcast will be held beginning at 8 a.m. ET, which can be accessed by dialing 1-844-309-0607 or by logging on at <http://ca.blackberry.com/company/investors/events.html>. A replay of the conference call will also be available at approximately 11 a.m. ET by dialing 1-855-859-2056 or 1-404-537-3406 and entering Conference ID #73039525 or by clicking the link above.

## About BlackBerry

BlackBerry is a mobile-native security software and services company dedicated to securing people, devices, processes and systems for today's enterprise. Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Middle East, Latin America and Africa. The Company trades under the ticker symbols "BB" on the Toronto Stock Exchange and "BBRY" on the NASDAQ. For more information, visit [www.BlackBerry.com](http://www.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 BlackBerry's expectations regarding anticipated demand for, and the timing of, product and service offerings, including the BlackBerry Secure platform for the Enterprise of Things and BlackBerry Radar; BlackBerry's expectations with respect to the strength of its financial resources; BlackBerry's expectations regarding the generation of software and services revenue growth; and BlackBerry's expectations regarding its non-GAAP earnings per share and free cash flow.

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. 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, achieve sustained profitability or offset the decline in BlackBerry's service access fees; the intense

competition faced by BlackBerry; risks related to BlackBerry's ability to attract new personnel, retain existing key personnel and manage its staffing effectively; BlackBerry's dependence on its relationships with resellers and distributors; the occurrence or perception of a breach of BlackBerry's security measures, or an inappropriate disclosure of confidential or personal information; the risk that sales to large enterprise customers and to customers in highly regulated industries and governmental entities can be highly competitive and require compliance with stringent regulation; risks related to BlackBerry's products and services being dependent upon the interoperability with rapidly changing systems provided by third parties; BlackBerry's ability to successfully generate revenue and profitability through the licensing of security software and services or the BlackBerry brand to device manufacturers; the risk that network disruptions or other business interruptions could have a material adverse effect on BlackBerry's business and harm its reputation; risks related to acquisitions, divestitures, investments and other business initiatives; the risk of litigation against the Company resulting in adverse outcomes; 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; BlackBerry's reliance on third parties to manufacture and repair its hardware products; BlackBerry's ability to obtain rights to use software or components supplied by third parties; the substantial asset risk faced by BlackBerry, including the potential for additional charges related to its long-lived assets and goodwill; the risk that BlackBerry's ability to maintain or increase its liquidity; risks related to BlackBerry's indebtedness; the risk that BlackBerry could be found to have infringed on the intellectual property rights of others; risks related to government regulations applicable to BlackBerry's products and services, including products containing encryption capabilities; risks related to the use and management of user data and personal information; risks related to foreign operations, including fluctuations in foreign currencies; risks associated with any errors in BlackBerry's products and services; the risk of a negative impact on BlackBerry's business as a result of actions of activist shareholders; risks related to fostering an ecosystem of third-party application developers; risks related to the failure of BlackBerry's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or comply with applicable laws; risks related to health and safety and hazardous materials usage regulations, and product certification risks; costs and other burdens associated with regulations regarding conflict minerals; risks related to BlackBerry possibly losing its foreign private issuer status under U.S. federal securities laws; the potential impact of copyright levies in numerous countries; risks related to tax provision changes, the adoption of new tax legislation, or exposure to additional tax liabilities; risks related to the fluctuation of BlackBerry's quarterly revenue and operating results; the volatility of the market price of BlackBerry's common shares; risks related to adverse economic and geopolitical conditions; market and credit risk associated with BlackBerry's cash, cash equivalents and short-term or long-term investments; the risk that future issuances of common shares by BlackBerry will be dilutive to existing shareholders; and the potential consequences for BlackBerry's shareholders in the United States if BlackBerry is or was a passive foreign investment company. 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. 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		
	August 31, 2017	May 31, 2017	August 31, 2016
<b>Revenue</b>	\$ 238	\$ 235	\$ 334
<b>Cost of sales</b>	63	85	236
<b>Gross margin</b>	175	150	98
<b>Gross margin %</b>	73.5%	63.8%	29.3%
<b>Operating expenses</b>			
Research and development	60	61	85
Selling, marketing and administration	110	109	138
Amortization	39	40	44
Impairment of long-lived assets	11	—	—
Loss on sale, disposal and abandonment of long-lived assets	3	1	124
Debentures fair value adjustment	(70)	218	62
Qualcomm arbitration award	—	(815)	—
	153	(386)	453
<b>Operating income (loss)</b>	22	536	(355)
Investment income (loss), net	1	136	(16)
<b>Income (loss) before income taxes</b>	23	672	(371)
<b>Provision for income taxes</b>	4	1	1
<b>Net income (loss)</b>	\$ 19	\$ 671	\$ (372)
<b>Earnings (loss) per share</b>			
Basic	\$ 0.04	\$ 1.26	\$ (0.71)
Diluted	\$ (0.07)	\$ 1.23	\$ (0.71)
 Weighted-average number of common shares outstanding (000's)			
Basic	531,381	531,096	522,826
Diluted	606,645	544,077	522,826
<b>Total common shares outstanding (000's)</b>	530,411	531,476	523,488

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**Consolidated Balance Sheets**

	As at	
	<b>August 31, 2017</b>	February 28, 2017
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 586	\$ 734
Short-term investments	1,766	644
Accounts receivable, net	155	200
Other receivables	38	27
Inventories	8	26
Income taxes receivable	27	31
Other current assets	44	55
	2,624	1,717
<b>Long-term receivables</b>	37	7
<b>Long-term investments</b>	129	269
<b>Restricted cash and cash equivalents</b>	53	51
<b>Property, plant and equipment, net</b>	71	91
<b>Goodwill</b>	567	559
<b>Intangible assets, net</b>	531	602
	\$ 4,012	\$ 3,296
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 85	\$ 128
Accrued liabilities	206	258
Income taxes payable	18	14
Deferred revenue	197	239
	506	639
<b>Long-term debt</b>	739	591
<b>Deferred income tax liability</b>	8	9
	1,253	1,239
<b>Shareholders' equity</b>		
<b>Capital stock and additional paid-in capital</b>	2,530	2,512
<b>Retained earnings (deficit)</b>	238	(438)
<b>Accumulated other comprehensive loss</b>	(9)	(17)
	2,759	2,057
	\$ 4,012	\$ 3,296

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**Consolidated Statements of Cash Flows**

	For the six months ended	
	August 31, 2017	August 31, 2016
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 690	\$ (1,042)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization	96	129
Deferred income taxes	(2)	32
Stock-based compensation	24	30
Impairment of goodwill	—	57
Impairment of long-lived assets	11	501
Loss on sale, disposal and abandonment of long-lived assets	4	127
Other-than-temporary impairment on cost-based investments	—	7
Debentures fair value adjustment	148	38
Long-term receivables	(30)	—
Other	(3)	1
Net changes in working capital items:		
Accounts receivable, net	45	116
Other receivables	(11)	4
Inventories	18	102
Income taxes receivable	(2)	(27)
Other current assets	13	28
Accounts payable	(43)	(42)
Income taxes payable	4	(9)
Accrued liabilities	(53)	(63)
Deferred revenue	(42)	(82)
<b>Net cash provided by (used in) operating activities</b>	<b>867</b>	<b>(93)</b>
<b>Cash flows from investing activities</b>		
Acquisition of long-term investments	(25)	(328)
Proceeds on sale or maturity of long-term investments	1	112
Acquisition of property, plant and equipment	(6)	(7)
Proceeds on sale of property, plant and equipment	3	—
Acquisition of intangible assets	(14)	(19)
Business acquisitions, net of cash acquired	—	(5)
Acquisition of short-term investments	(1,693)	(665)
Proceeds on sale or maturity of short-term investments	732	1,745
Conversion of cost-based investment to equity securities	—	10
<b>Net cash provided by (used in) investing activities</b>	<b>(1,002)</b>	<b>843</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares	3	2
Payment of contingent consideration from business acquisitions	—	(15)
Common shares repurchased	(17)	—
Effect of foreign exchange loss on restricted cash and cash equivalents	—	(3)
Transfer to restricted cash and cash equivalents	(2)	—
Repurchase of 6% Debentures	—	(5)
<b>Net cash used in financing activities</b>	<b>(16)</b>	<b>(21)</b>
<b>Effect of foreign exchange gain on cash and cash equivalents</b>	<b>3</b>	<b>1</b>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>(148)</b>	<b>730</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>734</b>	<b>957</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 586</b>	<b>\$ 1,687</b>
<b>As at</b>	<b>August 31, 2017</b>	<b>February 28, 2017</b>
Cash and cash equivalents	\$ 586	\$ 734
Short-term investments	1,766	644
Long-term investments	129	269
Restricted cash	53	51
	<b>\$ 2,534</b>	<b>\$ 1,698</b>