PRESS RELEASE

BlackBerry Reports First Quarter Fiscal 2020 Total Company Non-GAAP Revenue Growth of 23% Year-Over-Year and GAAP Revenue Growth of 16% Year-Over-Year

First quarter fiscal 2020 total non-GAAP Software and Services revenue growth of 35% year-over-year; total GAAP Software and Services revenue growth of 27% year-over-year

First Quarter Fiscal 2020:

- First quarter fiscal 2020 total company non-GAAP revenue of $267 million, or 23% growth year-over-year; total company GAAP revenue of $247 million, or 16% growth year-over-year

- First quarter fiscal 2020 total non-GAAP Software and Services revenue of $260 million, a record quarterly high; total GAAP Software and Services revenue of $240 million

- First quarter fiscal 2020 non-GAAP BlackBerry Software and Services (excluding Cylance) revenue growth of 8% year-over-year; GAAP BlackBerry Software and Services (excluding Cylance) revenue growth of 10% year-over-year

- First quarter fiscal 2020 non-GAAP earnings per basic and diluted share of $0.01; GAAP loss per basic share of $0.06 and GAAP loss per diluted share of $0.09

- First quarter fiscal 2020 free cash flow usage of $49 million, before considering the impact of acquisition and integration expenses, restructuring costs and legal proceedings; free cash flow usage of $66 million, as reported

***WATERLOO, Ont.* – June 26, 2019 –** BlackBerry Limited (NYSE: BB; TSX: BB) today reported financial results for the three months ended May 31, 2019 (all figures in U.S. dollars and U.S. GAAP, except where otherwise indicated).

First Quarter Fiscal 2020 Results

- Total company non-GAAP revenue for the first quarter of fiscal 2020 was $267 million, up 23% year-over-year. Total company GAAP revenue for the first quarter of fiscal 2020 was $247 million, up 16% year-over-year. Total non-GAAP software and services revenue of $260 million, up 35% year-over-year. Total GAAP software and services revenue was $240 million, up 27% year-over-year. First quarter recurring non-GAAP software and services revenue (excluding IP licensing and professional services) was above 90%. Non-GAAP gross margin was 75% and GAAP gross margin was 72%.

- Non-GAAP operating income was $5 million. GAAP operating loss was $36 million. Non-GAAP earnings per share was $0.01 (basic and diluted). GAAP net loss was $0.06 per basic share and $0.09 per diluted share. GAAP net loss includes $35 million for acquired intangibles amortization expense, $17 million in stock compensation expense, $1 million in acquisition and integration charges, a benefit of $28 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 $935 million as of May 31, 2019. Free cash flow used, before considering the impact of acquisition and integration expenses, restructuring costs and legal proceedings, was $49 million. Cash used in operations was $64 million and capital expenditures were $2 million.

“We are off to a good start to achieve our financial outlook for fiscal 2020,” said John Chen, Executive Chairman and CEO, BlackBerry. “We are ahead of our schedule in our Cylance integration, while investing in the right opportunities to drive long-term growth and profitability for BlackBerry. Customers are looking forward to our robust product cycle this year, with over 30 new secure communication products and services to be released.”

Outlook

BlackBerry re-affirms its fiscal 2020 outlook of total company year-over-year non-GAAP revenue growth and non-GAAP profitability for fiscal 2020.

Fiscal 2020 total company non-GAAP revenue growth of between 23% and 27%, driven by a double-digit percentage increase in billings. Non-GAAP revenue growth is broken down as follows:

- IoT year-over-year non-GAAP revenue growth of between 12% to 16%;
- BlackBerry Cylance year-over-year non-GAAP revenue growth of between 25% to 30%;
- Licensing year-over-year non-GAAP revenue decline of 5%; and
- Non-GAAP service access fees to be between $10 and $20 million of revenue in FY20.

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 February 28, 2019:

Q1 Fiscal 2020 Non-GAAP Adjustments		For the May 31, 2019 *(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**
As reported		$ 247	$ 177	71.7 %	$ (33)	$ (35)	$ (0.06)
Debentures fair value adjustment (2)	Debentures fair value adjustment	—	—	—%	(28)	(28)	
RAP charges (3)	Cost of sales	—	1	0.4%	1	1	
Software deferred revenue acquired (4)	Revenue	20	20	2.1%	20	20	
Software deferred commission expense acquired (5)	Selling, marketing and administration	—	—	—%	(5)	(5)	
Stock compensation expense (6)	Cost of sales	—	1	0.3%	1	1	
Stock compensation expense (6)	Research and development	—	—	—%	3	3	
Stock compensation expense (6)	Selling, marketing and administration	—	—	—%	13	13	
Acquired intangibles amortization (7)	Amortization	—	—	—%	35	35	
Business acquisition and integration costs (8)	Selling, marketing and administration	—	—	—%	1	1	
Acquisition valuation allowance (9)	Income taxes	—	—	—%	—	(1)	
Adjusted		$ 267	$ 199	74.5%	$ 8	$ 5	$ 0.01

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 first quarter of fiscal 2020, the Company reported GAAP gross margin of $177 million or 71.7% 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 $199 million, or 74.5% of revenue.

(2) During the first quarter of fiscal 2020, the Company recorded the Q1 Fiscal 2020 Debentures Fair Value Adjustment of $28 million. This adjustment was presented on a separate line in the Consolidated Statements of Operations.

(3) During the first quarter of fiscal 2020, the Company incurred restructuring charges of approximately $1 million, which was included in cost of sales.

(4) During the first quarter of fiscal 2020, the Company recorded software deferred revenue acquired but not recognized due to business combination accounting rules of $20 million, of which $19 million was included in BlackBerry Cylance and $1 million was included in IoT.

(5) During the first quarter of fiscal 2020, the Company recorded deferred commission expense acquired but not recognized due to business combination accounting rules of approximately of $5 million.

(6) During the first quarter of fiscal 2020, the Company recorded stock compensation expense of $17 million, of which $1 million was included in cost of sales, $3 million was included in research and development, and $13 million was included in selling, marketing and administration expense.

(7) During the first quarter of fiscal 2020, the Company recorded amortization of intangible assets acquired through business combinations of $35 million, which was included in amortization expense.

(8) During the first quarter of fiscal 2020, the Company recorded business acquisition and integration costs incurred through business combinations of $1 million, which was including in selling, marketing and administration expenses.

(9) During the first quarter of fiscal 2020, the Company recorded income tax valuation allowance related to the acquisition of Cylance Inc. of $1 million, which was included in provision for income taxes.

Supplementary Geographic Revenue Breakdown

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

	For the Quarters Ended									
	May 31, 2019		February 28, 2019		November 30, 2018		August 31, 2018		May 31, 2018	
North America	$ 160	64.8%	$ 176	69.0%	$ 151	66.8%	$ 133	63.3%	$ 139	65.3%
Europe, Middle East and Africa	61	24.7%	61	23.9%	56	24.8%	53	25.3%	52	24.4%
Other regions	26	10.5%	18	7.1%	19	8.4%	24	11.4%	22	10.3%
Total	$ 247	100.0%	$ 255	100.0%	$ 226	100.0%	$ 210	100.0%	$ 213	100.0%

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	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
IoT	$ 136	$ 126	$ 1	$ 4	$ 137	$ 130
BlackBerry Cylance	32	—	19	—	51	—
Licensing	72	63	—	—	72	63
Other	7	24	—	—	7	24
Total	$ 247	$ 213	$ 20	$ 4	$ 267	$ 217

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 https://www.blackberry.com/us/en/company/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 #3689875 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.

Investor Contact:
BlackBerry Investor Relations
+1-519-888-7465
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: the Company’s plans, strategies and objectives and the anticipated benefits of its strategic initiatives including the acquisition of Cylance, and its intentions to 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 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, 2019	**February 28, 2019**	**May 31, 2018**
Revenue	**$ 247**	$ 255	$ 213
Cost of sales	**70**	49	52
Gross margin	**177**	206	161
Gross margin %	**71.7%**	80.8%	75.6%
Operating expenses			
Research and development	**71**	52	61
Selling, marketing and administration	**121**	110	100
Amortization	**49**	31	37
Debentures fair value adjustment	**(28)**	(6)	28
Settlements, net	**—**	(9)	—
	213	178	226
Operating income (loss)	**(36)**	28	(65)
Investment income, net	**3**	4	6
Income (loss) before income taxes	**(33)**	32	(59)
Provision for income taxes	**2**	(19)	1
Net income (loss)	**$ (35)**	$ 51	$ (60)
Earnings (loss) per share			
Basic	**$ (0.06)**	$ 0.09	$ (0.11)
Diluted	**$ (0.09)**	$ 0.08	$ (0.11)
Weighted-average number of common shares outstanding (000s)			
Basic	**551,845**	547,272	536,964
Diluted	**612,345**	615,593	536,964
Total common shares outstanding (000s)	**547,922**	547,358	537,112

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Consolidated Balance Sheets

	As at	
	May 31, 2019	**February 28, 2019**
Assets		
Current		
Cash and cash equivalents	**$ 358**	$ 548
Short-term investments	**489**	368
Accounts receivable, net	**224**	194
Other receivables	**23**	19
Income taxes receivable	**9**	9
Other current assets	**63**	56
	1,166	1,194
Restricted cash and cash equivalents	**33**	34
Long-term investments	**55**	55
Other long-term assets	**31**	28
Deferred income tax assets	**—**	2
Operating lease right-of-use assets	**153**	—
Property, plant and equipment, net	**81**	85
Goodwill	**1,458**	1,463
Intangible assets, net	**1,027**	1,068
	$ 4,004	$ 3,929
Liabilities		
Current		
Accounts payable	**$ 49**	$ 48
Accrued liabilities	**162**	192
Income taxes payable	**19**	17
Deferred revenue, current	**246**	214
	476	471
Deferred revenue, non-current	**133**	136
Operating lease liabilities	**145**	—
Other long-term liabilities	**6**	19
Long-term debt	**645**	665
Deferred income tax liabilities	**2**	2
	1,407	1,293
Shareholders' equity		
Capital stock and additional paid-in capital	**2,708**	2,688
Deficit	**(81)**	(32)
Accumulated other comprehensive loss	**(30)**	(20)
	2,597	2,636
	$ 4,004	$ 3,929

BlackBerry Limited

Incorporated under the Laws of Ontario

(United States dollars, in millions) (unaudited)

Consolidated Statements of Cash Flows

	For the Years Ended	
	May 31, 2019	**May 31, 2018**
Cash flows from operating activities		
Net loss	**$ (35)**	$ (60)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	**53**	41
Deferred income taxes	**2**	—
Stock-based compensation	**17**	18
Debentures fair value adjustment	**(28)**	28
Operating leases	**(5)**	—
Other	**2**	2
Net changes in working capital items:		
Accounts receivable, net	**(30)**	25
Other receivables	**(4)**	8
Income taxes receivable	**—**	9
Other assets	**(9)**	(10)
Accounts payable	**1**	(9)
Income taxes payable	**2**	1
Accrued liabilities	**(57)**	(42)
Deferred revenue	**27**	(15)
Other long-term liabilities	**—**	(3)
Net cash used in operating activities	**(64)**	(7)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(2)**	(5)
Acquisition of intangible assets	**(7)**	(7)
Business acquisitions, net of cash acquired	**2**	—
Acquisition of short-term investments	**(392)**	(1,011)
Proceeds on sale or maturity of short-term investments	**270**	730
Net cash used in investing activities	**(129)**	(293)
Cash flows from financing activities		
Issuance of common shares	**3**	2
Net cash provided by financing activities	**3**	2
Effect of foreign exchange loss on cash, cash equivalents, restricted cash, and restricted cash equivalents	**(1)**	(2)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents during the period	**(191)**	(300)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	**582**	855
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	**$ 391**	$ 555

As at	**May 31, 2019**	**February 28, 2019**
Cash and cash equivalents	**$ 358**	$ 548
Restricted cash and cash equivalents	**$ 33**	$ 34
Short-term investments	**$ 489**	$ 368
Long-term investments	**$ 55**	$ 55