UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended February 28, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-38232

BlackBerry Limited

(Exact name of registrant as specified in its charter)

Canada	**98-0164408**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 University Ave East	
Waterloo Ontario Canada	**N2K 0A7**
(Address of Principal Executive Offices)	(Zip Code)

(519) 888-7465

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	BB	New York Stock Exchange
Common Shares	BB	Toronto Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant on August 31, 2022, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of the common shares as reported by the New York Stock Exchange, was approximately $3.4 billion. The registrant had 582,181,485 shares of common shares issued and outstanding as of March 28, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2023 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days after the registrant's fiscal year ended February 28, 2023.

BLACKBERRY LIMITED

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Unless the context otherwise requires, all references to the "Company" and "BlackBerry" include BlackBerry Limited and its subsidiaries.

PART I

ITEM 1. BUSINESS

The Company

The Company provides intelligent security software and services to enterprises and governments around the world. The Company secures more than 500 million endpoints including more than 215 million vehicles. Based in Waterloo, Ontario, the Company leverages artificial intelligence ("AI") and machine learning to deliver innovative solutions in the areas of cybersecurity, safety and data privacy, and is a leader in the areas of endpoint security, endpoint management, encryption, and embedded systems.

The Company was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on March 7, 1984 and commenced operations at that time. The Company has amalgamated with several of its wholly-owned subsidiaries, the last amalgamation occurring through the filing of articles of amalgamation under the OBCA on November 4, 2013. The Company's common shares trade under the ticker symbol "BB" on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX").

Intercorporate Relationships

The Company has four material subsidiaries, all of which are wholly-owned, directly or indirectly, by the Company in each case as at February 28, 2023.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
BlackBerry Corporation	Delaware, U.S.A.
BlackBerry UK Limited	England and Wales
Cylance Inc.	Delaware, U.S.A.
Secusmart GmbH	Duesseldorf, Germany

Security Software Industry

As the digital transformation of enterprises continues to advance, workforces are becoming more decentralized, mobile and remote, and data and applications are increasingly migrating to the cloud. As part of this trend, the number of connected endpoints is growing rapidly, as is their complexity and the volume of sensitive data that they process and store. These endpoints, which include smartphones, laptops, desktops, servers, vehicles, industrial equipment and other connected devices in the Internet of Things ("IoT"), increasingly operate beyond the traditional network security perimeter and present an expanding attack surface to cyber adversaries.

At the same time, the threat environment for enterprises and manufacturers has become increasingly hostile as the number of adversaries grows and the scale and sophistication of their attacks, increasingly focused on the endpoint, continue to develop. Today's malicious actors are often well-trained and well-funded criminal organizations, state-sponsored agents and international hacking collectives with the capability of employing advanced techniques to penetrate endpoints and encrypt, destroy or exfiltrate data. These groups have been responsible for highly publicized breaches that have exposed personal information and intellectual property, disrupted operations and infrastructure, extracted ransoms and caused significant reputational damage to organizations across a broad range of industries.

Against this backdrop, regulators are enacting new measures to ensure that enterprises are held accountable for their management of cybersecurity risk. In particular, changes to data privacy laws in the United States, Europe and other jurisdictions are compounding the challenges faced by organizations by increasing their responsibilities for securing their data as well as that of their customers.

This landscape of growing vulnerability and accountability has created opportunities for secure communications platforms, endpoint cybersecurity and management solutions, embedded systems, enterprise applications, analytic tools and related services that help enterprises to secure their connected endpoints, enhance functional safety, maintain data privacy and demonstrate compliance with applicable regulations.

Strategy

The Company is widely recognized for its intelligent security software and services and believes that it delivers the broadest set of security capabilities in the market to connect, protect and manage IoT endpoints. The Company leverages its extensive technology portfolio to offer best-in-class cybersecurity, safety and reliability to enterprise customers primarily in government and regulated industries, to small and medium-sized businesses, and to original equipment manufacturers ("OEMs") in automotive, medical, industrial and other core verticals.

The Company's goal is to offer smarter security solutions that are more effective, require fewer resources to support and produce a better return on investment for customers than competing offerings. To achieve this vision, the Company continues to extend the functionality of its AI-focused BlackBerry Spark® software platform and safety-certified QNX® Neutrino® real time operating system and is commercializing its new BlackBerry IVY™ intelligent vehicle data platform.

The Company's go-to-market strategy focuses principally on generating revenue from enterprise software and services as well as from embedded software designs with leading OEMs and Tier 1 suppliers. The Company intends to drive revenue growth and to achieve margins that are consistent with those of other enterprise software companies.

Products and Services

The Company has multiple products and services from which it derives revenue, which are structured in three groups: Cybersecurity, IoT (collectively with Cybersecurity, "Software and Services") and Licensing and Other.

Cybersecurity

The Cybersecurity business consists of BlackBerry Spark, BlackBerry® SecuSUITE® and BlackBerry® AtHoc®.

The Company's core secure software and services offering is its BlackBerry Spark software platform, which integrates a unified endpoint security ("UES") layer with BlackBerry unified endpoint management ("UEM") to enable secure endpoint communications in a zero-trust environment. BlackBerry UES is a set of complementary cybersecurity products offering endpoint protection platform ("EPP"), endpoint detection and response ("EDR"), mobile threat defense ("MTD"), zero-trust network access ("ZTNA") and user and entity behavior analytics ("UEBA") capabilities. The BlackBerry Spark platform is informed by the Company's AI and machine learning capabilities, continuous innovations, professional cybersecurity services and threat research, industry partnerships and academic collaborations. The platform features industry-leading threat prevention modules to help organizations cope with the significant growth of cyberattacks and operates on a single agent across all endpoints, administered from a single console, leveraging a single crowd-sourced threat data lake and managed in one cloud environment. BlackBerry Spark solutions are available through the BlackBerry® Cyber Suite and the BlackBerry Spark® Unified Endpoint Management Suite, which are also marketed together as the BlackBerry Spark® Suite, offering the Company's most comprehensive range of tailored cybersecurity and endpoint management options.

The BlackBerry UES Suite offers leading Cylance® AI and machine learning-based cybersecurity solutions, including: CylancePROTECT®, an EPP and available MTD solution that uses an automated, prevention-first approach to protect against the execution of malicious code on an endpoint; CylanceOPTICS®, an EDR solution that provides both visibility into and prevention of malicious activity on an endpoint; CylanceGUARD®, a managed detection and response solution that provides 24/7 threat hunting and monitoring; CylanceGATEWAY™, an AI-empowered ZTNA solution, and CylancePERSONA™, a UEBA solution that provides continuous authentication by validating user identity in real time. These solutions are designed to provide a continuous state of resilience for the Company's customers and support the outcomes they require by: (i) complementing, extending, or fully managing security capabilities with the Company's experts and extended technology ecosystem, (ii) enabling the workforce in a way that is fast, easy and satisfying, while providing security visibility, controls and peace of mind; and (iii) reducing complexity and overhead costs associated with security operations. The Company also offers incident response, compromise assessment and containment services to assist clients with forensic analysis, state of existing systems and remediation of attacks. The BlackBerry UES Suite natively integrates with BlackBerry® UEM and also works with UEM solutions from other vendors.

The BlackBerry Spark UEM Suite includes the Company's BlackBerry UEM, BlackBerry® Dynamics™ and BlackBerry® Workspaces solutions. BlackBerry UEM is a central software component of the Company's secure communications platform, offering a "single pane of glass", or unified console view, for managing and securing devices, applications, identity, content and endpoints across all leading operating systems. BlackBerry Dynamics offers a best-in-class development platform and secure container for mobile applications, including the Company's own enterprise applications such as BlackBerry® Work and BlackBerry® Connect for secure collaboration. The BlackBerry Spark platform also includes BBM Enterprise, an enterprise-grade secure instant messaging solution for messaging, voice and video.

BlackBerry SecuSUITE is a certified, multi-OS voice and text messaging solution with advanced encryption, anti-eavesdropping and continuous authentication capabilities, providing a maximum level of security on conventional mobile devices for government and businesses.

BlackBerry AtHoc and BlackBerry Alert are secure, networked critical event management solutions that enable people, devices and organizations to exchange critical information in real time during business continuity and life safety operations. The platforms securely connect with a diverse set of endpoints to distribute emergency mass notifications, improve personnel accountability and facilitate the bidirectional collection and sharing of data within and between organizations. BlackBerry AtHoc serves the requirements of the public sector market while BlackBerry Alert targets the commercial sector.

IoT

The IoT business consists of BlackBerry Technology Solutions (“BTS”) and BlackBerry IVY.

The principal component of BTS is BlackBerry QNX, a global provider of real-time operating systems, hypervisors, middleware, development tools, and professional services for connected embedded systems in the automotive, medical, industrial automation and other markets. A recognized leader in automotive software, BlackBerry QNX offers a growing portfolio of safety-certified, secure and reliable platform solutions and is focused on achieving design wins with automotive OEMs, Tier 1 vendors and automotive semiconductor suppliers. These solutions include the Neutrino® operating system and the BlackBerry QNX® CAR platform, the most advanced embedded software platform for the autonomous vehicle market, as well as other products designed to alleviate the challenges of compliance with ISO 26262, the automotive industry’s functional safety standard. Additionally, the Company’s secure automotive over-the-air software update management service allows OEMs to manage the life cycle of the software and security in their vehicles.

BlackBerry QNX is also a preferred supplier of embedded systems for companies building medical devices, train-control systems, industrial robots, hardware security modules, building automation systems, green energy solutions, and other mission-critical applications.

In addition to BlackBerry QNX, BTS includes BlackBerry Certicom® cryptography and key management products, and the BlackBerry Radar® asset monitoring solution.

BlackBerry Certicom leverages patented elliptic curve cryptography to provide device security, anti-counterfeiting and product authentication solutions. BlackBerry Certicom’s offerings include its managed public key infrastructure (“PKI”) platform, key management and provisioning technology that helps customers to protect the integrity of their silicon chips and devices from the point of manufacturing through the device life cycle. BlackBerry Certicom’s secure key provisioning, code signing and security credential management system services protect next-generation connected cars, critical infrastructure and IoT deployments from product counterfeiting, re-manufacturing and unauthorized network access.

BlackBerry Radar is a family of asset monitoring and telematics solutions for the transportation and logistics industry. The BlackBerry Radar solution includes devices and secure cloud-based dashboards for tracking containers, trailers, chassis, flatbeds and heavy machinery, for reporting locations and sensor data, and for enabling custom alerts and fleet management analytics.

The Company has partnered with Amazon Web Services, Inc. (“AWS”) to develop and market BlackBerry IVY, an intelligent vehicle data platform leveraging BlackBerry QNX’s automotive capabilities. BlackBerry IVY allows automakers to safely access a vehicle’s sensor data, normalize it, and apply machine learning at the edge to generate and share predictive insights and inferences. Automakers and developers will be able to use this information to create responsive in-vehicle services that enhance driver and passenger experiences. BlackBerry IVY supports multiple vehicle operating systems and hardware, as well as multi-cloud deployments in order to ensure compatibility across vehicle models and brands. The Company recently announced the first design win for BlackBerry IVY and expects to release the platform for general availability in May 2023, with in-vehicle installations to begin during the 2025 model year.

The BlackBerry Cybersecurity and IoT groups are complemented by the enterprise and cybersecurity consulting services offered by the Company’s BlackBerry® Professional Services business. BlackBerry Professional Services provides platform-agnostic strategies to address mobility-based challenges, providing expert deployment support, end-to-end delivery (from system design to user training), application consulting, and experienced project management. The Company’s cybersecurity consulting services and tools, combined with its other security solutions, help customers identify the latest cybersecurity threats, test for vulnerabilities, develop risk-appropriate mitigations, maintain IT security standards and techniques, and defend against the risk of future attacks.

Licensing and Other

Licensing and Other consists primarily of the Company's patent licensing business and legacy service access fees ("SAF").

The Company's Licensing business is responsible for the management and monetization of the Company's global patent portfolio. The patent portfolio continues to provide a competitive advantage in the Company's core product areas as well as providing leverage in the development of future technologies and licensing programs in both core and adjacent vertical markets. The Company owns rights to an array of patented and patent pending technologies which include, but are not limited to, operating systems, networking infrastructure, acoustics, messaging, enterprise software, automotive subsystems, cybersecurity, cryptography and wireless communications. As of February 28, 2023, the Company owned approximately 37,500 worldwide patents and applications.

In the fourth quarter of fiscal 2022, the Company announced its entry into a patent sale agreement with Catapult IP Innovations ("Catapult") for the sale of substantially all of the Company's non-core patent assets. On March 21, 2023, the Company announced that Catapult had been unable to secure financing that would have enabled it to complete the transaction on acceptable amended terms and that, as a result, the Company had terminated its agreement with Catapult. The Company also announced its entry into a new patent sale agreement with Malikie Innovations Limited for the sale of a similar portfolio of non-core patent assets for $170 million in cash on closing, an additional $30 million in cash by no later than the third anniversary of closing and potential future royalties in the aggregate amount of up to $900 million (the "Malikie Transaction"). Closing is subject to regulatory approval and other customary conditions. Pursuant to the terms of the Malikie Transaction, the Company will receive a license back to the patents being sold, which relate primarily to mobile devices, messaging and wireless networking. The Malikie Transaction will not impact customers' use of any of the Company's products, solutions or services.

The Company's Other business generated revenue from SAF charged to subscribers using the Company's legacy BlackBerry 7 and prior BlackBerry operating systems, for which support and maintenance ceased as of January 4, 2022.

Sales, Marketing, Distribution and Customers

The Company primarily generates revenue from the licensing of enterprise software and sales of associated services, including its endpoint management and cybersecurity solutions, BlackBerry QNX software for the embedded market, technology licensing and professional consulting services. The Company focuses on strategic industries with vertical-specific use cases, including regulated enterprise markets such as financial services, government, healthcare, professional services and transportation, and other markets where embedded software and critical infrastructure are important, such as utilities, mining and manufacturing.

The Company licenses the BlackBerry Spark platform, including its individual components and complementary third-party applications, through a geographically-dispersed direct sales force, value-added resellers, managed security service providers and alliance partners. The Company continues to build its global partner programs to bolster its direct sales and marketing efforts.

The Company also licenses its enterprise software and services through global wireless communications carriers, which are able to bill separately for BlackBerry UEM services, and other distribution partners around the world.

The Company licenses BlackBerry QNX and BlackBerry Certicom technology and provides professional engineering services to OEM customers in the automotive, mobile and other embedded software markets via a direct sales force and indirectly through channel partnerships. The licenses are primarily monetized as royalties on units shipped and through project development seats, tools and maintenance fees.

The Company markets and sells its BlackBerry Radar secure asset monitoring products and services to enterprise users through its internal sales force as well as through third party distribution channels.

Competitive Strengths

Key competitive factors important to the Company across its businesses include product features (including security features), relative price and performance, product quality and reliability, compatibility across ecosystems, service and support, and corporate reputation. The Company believes that it delivers the broadest set of security capabilities and visibility in the market, covering users, devices, networks, apps and data.

Cybersecurity

The BlackBerry Spark platform establishes comprehensive security controls in any connected IoT environment and meets a growing market demand for a solution that integrates unified endpoint security and endpoint management capabilities in a single console with visibility across all endpoints. The platform is differentiated through its use of a zero-trust architecture that uniquely combines intelligent security with a user experience that requires little to no support from end users or IT administrators, simplifying management and reducing costs.

The BlackBerry Cyber Suite leverages Cylance AI, machine learning and automation to provide improved cyber threat prevention and remediation, and can help users to understand risks, make contextual decisions and dynamically apply policy controls with no user interruption, mitigating risks before they materialize. The Company trains its AI model against data lakes containing billions of files so that it learns to autonomously convict, or not convict, files prior to their execution. Unlike traditional signature-based cybersecurity technology, this prevention-oriented approach is able to protect enterprises from malicious zero-day payloads before they are deployed, and even when protected endpoints are offline. Additionally, detection and response decisions are pushed down to the endpoint, minimizing response latency so that a minor security event can be addressed before it becomes a widespread incident. BlackBerry Protect has earned Federal Risk and Authorization Management Program ("FedRAMP") authorization.

The BlackBerry Spark UEM Suite includes leading unified endpoint management, secure business productivity, application containerization, secure collaboration and digital rights management capabilities. BlackBerry UEM has earned National Information Assurance Partnership ("NIAP") certification and is an approved mobile device management solution on the U.S. Department of Defense Information Network's Approved Product List.

The Spark platform is also differentiated by the inclusion of a sophisticated network operations center in the BlackBerry infrastructure. The Company pioneered the use of this architecture to route messages reliably and efficiently to and from mobile devices, and over time has expanded capabilities to enable end-to-end secure communications between endpoints and applications and enterprise networks.

BlackBerry SecuSUITE technology has been certified to be compliant with the Common Criteria protection profile for VoIP applications and SIP servers. It has also earned NIAP certification and NATO Communications and Information Agency security accreditation, and has been placed on the National Security Agency's Commercial Solutions for Classified Program component list of products certified for use on classified systems.

The BlackBerry AtHoc and BlackBerry Alert platforms are mobile and scalable, integrate with legacy systems and support on-premise and cloud-based deployments. With available incident management and encrypted end-to-end instant messaging capabilities, the platforms offer a suite of secure crisis communication services to meet the growing number of use cases for emergency or mass notifications. BlackBerry AtHoc has received FedRAMP certification and is the leading provider of network-centric, interactive crisis communication to the U.S. Department of Defense and the U.S. Department of Homeland Security, among other governmental bodies. BlackBerry AtHoc helps to protect more than 75% of U.S. government personnel.

IoT

In the embedded software industry, systems are becoming increasingly connected and complex, with software being used for functions that were previously performed by hardware, driving new functional safety considerations. BlackBerry QNX is recognized for attaining the highest levels of security certifications and approvals for many of its embedded products and is the leader in safety-certified, secure and reliable software for the automotive industry. BlackBerry QNX is a trusted supplier of operating systems, hypervisors, development tools and support to automotive OEMs and Tier 1 vendors and to the general embedded market. BlackBerry QNX technology is embedded in over 215 million vehicles.

Competition

The Company is engaged in markets that are highly competitive and rapidly evolving. Frequent new product introductions and changes to endpoints, operating systems, applications, security threats, industry standards and the overall technology landscape result in continuously evolving customer requirements for mobile solutions. The Company competes with a broad range of vendors in each of its businesses. See "Competitive Strengths" above for a discussion of how the Company believes it differentiates itself from competitors in its various businesses.

With the BlackBerry UEM Suite, the Company competes primarily with providers of enterprise software solutions. BlackBerry's UES Technology, including the BlackBerry Cyber Suite, competes with various types of providers, including: traditional signature-based antivirus vendors and identity management; vendors whose business focuses almost solely on EPP; EDR vendors, which primarily focus on continuous monitoring and human response to advanced security threats; companies that provide endpoint systems management; and large network security providers, which have entered the market primarily through acquisition. The BlackBerry QNX automotive business competes principally with providers of embedded software that employ customized Linux open-source operating systems for the transportation and logistics industry, and with Google's Android Automotive OS. See Part 1, Item 1A "Risk Factors - The Company faces intense competition".

Product Design, Engineering and Research and Development

The Company's research and development ("R&D") strategy seeks to drive innovation to continuously enhance the Company's product portfolio and introduce exciting solutions to the market.

The Company dedicates a major portion of its R&D investments to the development of software products and services for its Cybersecurity and IoT solutions. Solutions include leading security capabilities at each level of the platform in order to address

the needs of enterprise IT departments and end users for securing devices, applications, content and work data at rest and in transit.

The Company makes significant investments to support its cybersecurity solutions and is committed to hiring and retaining top data scientists and engineers in the areas of artificial intelligence and machine learning. R&D investments at BlackBerry QNX are increasingly focused on software innovations for autonomous and connected vehicles.

The Company's investment in longer term research is, in part, supported by taking advantage of specific government financial assistance programs where available. For additional information, see Note 10 to the Consolidated Financial Statements.

Third Party Software Developers

The Company offers the BlackBerry Development Platform, an enterprise-grade toolset which enables application developers and ISVs to build secure, powerful and customized solutions for almost every use case and to commercialize them on the BlackBerry® Marketplace for Enterprise Software, which contains over 130 enterprise applications and solutions. The platform includes the BlackBerry Dynamics software development kit ("SDK"), which allows developers to integrate BlackBerry security into their enterprise applications, resulting in a managed application where corporate data is protected. The platform also includes SDKs for BlackBerry UEM, BlackBerry Workspaces, BlackBerry AtHoc and other products.

To support BlackBerry UES products, the Company offers the BlackBerry Endpoint ISV Technology Integration program featuring an application programming interface ("API") development platform that enables developers and ISVs to develop robust extensible security integrations for BlackBerry UES, creating results-based offerings for targeted use cases. Completed integrations are shared with the user community and promoted to market partners and AWS Marketplace opportunities.

In addition, the Company maintains the BlackBerry AtHoc Development Partner Program, which invites partners to integrate with the BlackBerry AtHoc service and allows them to create alerts based on more event types or to leverage alerting capabilities based on critical events from within other systems.

The primary development platform for BlackBerry QNX-based systems is the QNX® Software Development Platform (SDP), which includes the QNX Neutrino Realtime Operating System and the QNX Momentics® Tool Suite. The QNX SDP is complemented by QNX® Hypervisor, QNX® OS for Safety, QNX® Hypervisor for Safety, QNX® Acoustics Management Platform and QNX® Platform for Digital Cockpits and other products.

Expanding the Company's automotive product portfolio, the BlackBerry IVY platform includes an in-vehicle runtime for cost-efficient data processing and a set of SDKs which enables developers to process vehicle signals and generate meaningful insights that are used to unlock new use cases on both BlackBerry QNX and Linux-based vehicle platforms.

Intellectual Property

The protection of intellectual property is an important part of the Company's operations. The policy of the Company is to apply for patents and to acquire or seek other appropriate proprietary or statutory protection when it develops valuable new or improved technology. The Company believes that the rapid pace of technological change in the industries in which the Company operates makes patent and trade secret protection important, and that this protection must be supported by other means including the ability to attract and retain qualified personnel, new product introductions and frequent product enhancements.

The Company believes that its patent portfolio continues to provide a competitive advantage in its core product areas as well as provide leverage in the development of future technologies. The Company does not believe that it is dependent upon a single patent or even a few patents and instead primarily depends upon its extensive know-how, innovative culture, and technical leadership.

The Company protects its technology through a combination of patents, designs, copyrights, trade secrets, confidentiality procedures and contractual arrangements. The Company seeks to patent key concepts, components, protocols, processes and other inventions that it considers to have commercial value or that will likely give the Company a technological advantage. Although the Company applies for patent protection primarily in Canada, Europe and the United States, the Company has filed, and will continue to file, patent applications in other countries where there exists a strategic technological or business reason to do so. To broadly protect the Company's inventions, the Company has a team of in-house patent attorneys and also consults with outside patent attorneys who interact with employees, review invention disclosures and prepare patent applications on a broad array of core technologies and competencies. As a result, the Company owns rights to an array of patented and patent pending technologies which include, but are not limited to, cybersecurity, cryptography, machine learning, artificial intelligence, operating systems, acoustics, messaging, enterprise software, automotive subsystems, networking infrastructure and wireless communications. As of February 28, 2023, the Company owned approximately 37,500 worldwide patents and applications. The Company does not expect that the sale of its portfolio of primarily legacy patents under the Malikie Transaction will negatively impact its strategy of protecting its new innovations through patent filings.

It is the Company's general practice to enter into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, customers, potential customers and others to attempt to limit access to, and distribution of, its proprietary information. In addition, the Company generally enters into agreements with employees that include an assignment to the Company of all intellectual property developed in the course of employment.

The Company does not rely primarily on patents or other intellectual property rights to protect or establish its market position; however, it is prepared to enforce its intellectual property rights in certain technologies when attempts to negotiate mutually agreeable licenses are not successful. The Company also enters into inbound licensing agreements related to technology and intellectual property rights, including agreements to obtain rights that may be necessary to produce and sell products.

Environmental, Social and Governance

The Company observes the highest ethical standards in its operations and has adopted policies and practices that require the same of its business partners. The Company's business is based on trust, and the Company maintains its position as a global leader in data security and privacy by developing new technologies, complying with established and evolving regulatory frameworks, acting with integrity and adhering to responsible business practices. See also "Ethical Business Conduct and Code of Business Standards and Principles" in this Annual Report on Form 10-K.

The Company is committed to operating in a sustainable way that respects the environment, the Company's employees and business partners, and the communities in which the Company operates around the world. To honor this commitment, the Company maintains a variety of programs to identify, execute and maintain sustainable initiatives and to reduce its direct and indirect environmental impact. In fiscal 2022, these programs enabled the Company to achieve carbon neutrality across its Scope 1, Scope 2 and material Scope 3 greenhouse gas emissions and the Company maintained its carbon neutral status as at the end of fiscal 2023.

In fiscal 2020, the Company joined the United Nations Global Compact ("UNGC") and committed to the ten principles of the UNGC and to the United Nations Sustainable Development Goals that are relevant to the Company's business. In its procurement activities, the Company engages with its suppliers to conduct due diligence into the source of the so-called "conflict minerals" (which currently include the minerals from which gold, tantalum, tin, and tungsten are derived) that are necessary to the functionality or production of the Company's hardware products, principally for the BlackBerry Radar business. The Company also seeks to make a positive impact in the communities in which it operates by investing in strategic charitable partnerships, supporting charitable endeavours by employees, and building community relationships through local offices.

The Company has formalized a number of policies to reflect its commitment to responsible business practices, including a Privacy Policy, Supplier Code of Conduct, Human Rights Policy, Equal Employment Policy and Supplier Diversity Policy, and periodically issues a corporate responsibility report. Through the report, the Company provides visibility on its environmental, social and governance initiatives such as mitigating its corporate carbon footprint and reducing greenhouse gas emissions, improving water sanitation and fostering diversity. These documents and policies relating to the Company's corporate responsibility initiatives can be viewed on the Company's website at https://www.blackberry.com/us/en/company/corporate-responsibility and are not incorporated by reference in this Annual Report on Form 10-K.

Foreign and domestic laws and regulations apply to many aspects of the Company's business.

The Company collects and uses a wide variety of information for various purposes in its business, including to help ensure the integrity of its services and to provide features and functionality to customers. This aspect of the Company's business is subject to a broad array of evolving privacy and data protection laws, including the European Union's General Data Protection Regulation, the proposed Canadian Consumer Privacy Protection Act, regional privacy frameworks such as the Asia-Pacific Economic Cooperation Privacy Framework, and national and state laws within the United States, including the California Privacy Rights Act. These laws impose strict operational requirements and can provide for significant penalties for non-compliance. Elements of these evolving laws and regulations, as well as their interpretation and enforcement, remain unclear and the Company may be required to modify its practices to comply with them in the future.

The Company is also subject to numerous international trade laws and regulations, including, without limitation, tariffs, trade sanctions, export controls and technology transfer restrictions, as well as anti-corruption legislation such as the U.S. Foreign Corrupt Practices Act and Canada's Corruption of Foreign Public Officials Act.

Additionally, the Company is subject to domestic and international laws relating to environmental protection and the proliferation of hazardous substances. In parts of Europe, North America, Latin America and the Asia-Pacific region, the Company is obligated to comply with substance restrictions, packaging regulations, energy efficiency ratings and certain product take-back and recycling requirements, principally for the BlackBerry Radar business. The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act also requires the Company to comply with certain due diligence and disclosure obligations with respect to the use of conflict minerals. Furthermore, the Company may be subject to a variety of local laws unknown to the Company in foreign jurisdictions where customers are located.

Any actual or perceived failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, regulatory or governmental investigations, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on the Company's operations. It is also possible that current or future laws or regulations could be interpreted or applied in a manner that would prohibit, alter, or impair the Company's existing or planned products and services, or that could require the Company to undertake costly, time-consuming or otherwise burdensome compliance measures.

Information about our Executive Officers

The Company made one executive officer appointment during fiscal 2023, naming Phil Kurtz as Chief Legal Officer.

The following table sets forth the name, province or state, and country of residence of each executive officer of the Company and their respective positions and offices held with the Company and their principal occupations during the last five years.

Name and Residence	Current Position with Company	Principal Occupation During the Last Five Years (other than Current Position with Company)
John S. Chen California, USA	Chief Executive Officer; Executive Chair/Director	
Marjorie Dickman Washington D.C., USA	Chief Government Affairs and Public Policy Officer	Global Director and Associate General Counsel, IoT and Automated Driving Policy, Intel (2017-2020)
Mattias Eriksson Illinois, USA	President, IoT	Senior Vice President and Head of Product, HERE Technologies (2019-2020); Senior Vice President, Head of Core Map Group, HERE Technologies (2016-2019)
John Giamatteo Texas, USA	President, Cybersecurity	President and Chief Revenue Officer, McAfee (2013-2020)
Phil Kurtz Ontario, Canada	Chief Legal Officer and Corporate Secretary	Vice President, Deputy General Counsel and Corporate Secretary (2021-2022); Vice President, Deputy General Counsel and Assistant Corporate Secretary (2015-2021)
Steve Rai Ontario, Canada	Chief Financial Officer	Deputy Chief Financial Officer (2019), Vice President and Corporate Controller (2014-2019)
Nita White-Ivy California, USA	Chief Human Resources Officer	
Mark Wilson California, USA	Chief Marketing Officer	

Human Capital

The Company's 3,181 regular employees, contract workers and student workers as of February 28, 2023 work as a team in 20 countries worldwide, with approximately 53% in Canada, 27% in the U.S., and 20% outside of North America. None of the Company's employees in Canada or the United States are represented by a labour union; however, employees of certain foreign subsidiaries in Europe are represented by works councils.

The Company offers employees a fair, equitable and competitive total rewards program, designed to recognize and reward both individual and company performance. The Company provides a range of financial and benefit programs such as its employee share purchase program, employee recognition programs, retirement savings plans, family-friendly leave policies, health and wellness programs, employee and family assistance program, as well as corporate discounts, all designed to support the overall wellness of the Company's employees and their families.

The Company embraces a diverse and inclusive workplace, providing a welcoming environment in which every individual is valued and respected, regardless of race, gender, sexual orientation, gender identity, religion, age, veteran status, disability status or any other protected element of diversity. The Company recognizes diversity, equity and inclusion as business imperatives and commits to attract, develop, and retain the best and brightest talent. The Company strives to maintain an environment where people are valued, have a sense of belonging, and feel they can bring their authentic selves to work, every day. The Company is committed to maintaining a respectful and productive work environment free from discrimination and harassment, supported by training in unconscious bias and inclusive language, outreach and partnership programs such as the Company's Women in Science, Technology, Engineering, and Mathematics (STEM) and Indigenous students awards programs,

and development opportunities such as the Taking the Stage program for female and aspiring leaders. The Company does not tolerate, condone, or ignore workplace discrimination or harassment or any unlawful behavior and investigates all complaints regarding such conduct in a timely manner.

The Company believes career development is unique and personal for each employee. The Company offers career development and growth in many forms such as job shadowing, job rotation, stretch assignments, enhanced scope or responsibility, networking, lateral movement, promotions, and volunteering. The Company encourages opportunities for employees to broaden their scope and understanding of the business, and to build additional skills to attain their career aspirations. Employees are supported in their growth and development through the Company's tuition and educational reimbursement programs, subsidies for professional association memberships, a global mentorship program, career planning resources, and various training programs.

The Company is honored to have the efforts of our talented and dedicated employees recognized through numerous awards, including Forbes Canada's Best Employers (2022), Best & Brightest Companies to Work for in the Nation (2016-2022), Best & Brightest Companies to Work for in Wellness (2016-2022), Canada's Top Employers for Young People (2021-2023), Canada's Greenest Employers (2016-2022), Great Place to Work Germany (2022), Great Place to Work – Ireland's Best Workplaces in Tech (2022), and Singapore Health Award (2022), among others. The Company also takes pride in its award-winning paid co-op and intern student program, through which the Company invests in the personal and professional development of the next generation of BlackBerry talent.

Building upon its culture of teamwork, the Company is a proud and committed civic leader. BlackBerry employees are passionate, mobilized and empowered by their involvement in corporate-run community initiatives to actively participate in volunteer activities and environmentally friendly initiatives where they live and work. Together with its team of community-minded employees, the Company believes there is great potential to make lasting local impacts.

Available Information

Our internet address is www.blackberry.com. Our website is included in this Annual Report on Form 10-K as an inactive textual reference only. Information contained on our website is not incorporated by reference in this Annual Report on Form 10-K.

As of March 1, 2020, the Company began reporting with the Securities and Exchange Commission ("SEC") as a domestic issuer instead of a foreign private issuer. Prior to that date, the Company was a foreign private issuer and, in compliance with SEC regulations, furnished its interim financial statements on Form 6-K and filed its Annual Report on Form 40-F. The Company continues to be a reporting issuer subject to continuous disclosure obligations under applicable Canadian securities laws.

Access to our Annual Reports on Form 10-K and 40-F, Quarterly Reports on Form 10-Q and 6-K, Current Reports on Form 8-K, supplemental financial information, earnings press releases, and amendments to these reports filed with or furnished to the SEC may be obtained free of charge as soon as is reasonably practical after we electronically file or furnish them through the Investors section of our website at www.blackberry.com/ca/en/company/investors. In addition, our filings with the SEC may be accessed through the SEC's website at www.sec.gov and our filings with the Canadian Securities Administrators ("CSA") may be accessed through the CSA's System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Except for the documents specifically incorporated by reference in this Annual Report on Form 10-K, information contained on the SEC or CSA websites is not incorporated by reference in this Annual Report on Form 10-K and should not be considered to be a part of the Annual Report. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to update any of those statements or documents unless we are required to do so by applicable law.

ITEM 1A. RISK FACTORS

Investors in the Company's securities should carefully consider the following risks, as well as the other information contained in MD&A (as defined below) and elsewhere in this Annual Report on Form 10-K for the fiscal year ended February 28, 2023. Any of the following risks, in whole or in part, could materially and adversely impact the Company's business, financial condition and operating results. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties, including those of which the Company is unaware or the Company currently deems immaterial, may also have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to the Company's Business

The Company may not be able to enhance, develop, introduce or monetize products and services for the enterprise market in a timely manner with competitive pricing, features and performance.

The industries in which the Company competes are characterized by rapid technological change, frequent new product introductions, frequent market price reductions, constant improvements in features and short product life cycles. The

Company's future success depends upon its ability to enhance and integrate its current products and services, including the BlackBerry Spark Suite, to provide for their compatibility with evolving industry standards and operating systems, to address competing technologies and products developed by other companies, and to continue to develop and introduce new products and services offering enhanced performance and functionality on a timely basis at competitive prices.

The process of developing new technology is complex and uncertain, and involves time, substantial costs and risks, which are further magnified when the development process involves multiple operating platforms. The development of next-generation technologies that utilize new and advanced features, including artificial intelligence and machine learning, involves making predictions regarding the willingness of the market to adopt such technologies over legacy solutions. The Company may be required to commit significant resources to developing new products, software and services before knowing whether such investment will result in products or services that the market will accept.

The Company's inability, for technological or other reasons, some of which may be beyond the Company's control, to enhance, develop, introduce and monetize products and services in a timely manner, or at all, in response to changing market conditions or customer requirements could have a material adverse effect on the Company's business, results of operations and financial condition or could result in its products and services not achieving market acceptance or becoming obsolete. In addition, if the Company fails to deliver a compelling customer experience or accurately predict emerging technological trends and the changing needs of customers and end users, or if the features of its new products and services do not meet the demands of its customers or are not sufficiently differentiated from those of its competitors, the Company's business, results of operations and financial condition could be materially harmed.

The Company may not be able to maintain or expand its customer base for its software and services offerings to grow revenue or achieve sustained profitability.

The Company has focused its strategy on software and services to grow revenue and generate sustainable profitability, including by commercializing the BlackBerry Spark Suite and its component solutions.

For the Company to increase its software and services revenues, it must continually grow its customer base by attracting new customers or, in the case of existing customers, deploying software and services across more endpoints or attracting additional users in such existing customers' businesses. The Company also needs to sell additional software and services over time to the same customers, or have customers upgrade their level of service. If the Company is unable to promote a compelling value proposition to customers and its efforts to sell or upsell software or services as described above are not successful, its results of operations could be materially impacted. Further, although recent attacks on prominent enterprises have increased market awareness of the importance of cybersecurity, if the general level of cyberattacks declines or customers perceive that it has declined, the Company's ability to attract new customers and expand its sales to existing customers could be harmed.

Existing customers that purchase the Company's software and services have no contractual obligation to renew their subscriptions or purchase additional solutions after the initial subscription or contract period. The Company's customers' expansion and renewal rates may decline or fluctuate as a result of a number of factors, including the perceived need for such additional software and services, the level of satisfaction with the Company's software and services, features or functionality, the reliability of the Company's software and services, the Company's customer support, customer budgets and other competitive factors, such as pricing and competitors' offerings. For smaller or simpler deployments, the switching costs and time are relatively minor compared to traditional enterprise software deployments and such a customer may more easily decide not to renew with the Company and switch to a competitor's offerings. For larger deployments, particularly with enterprise customers in highly regulated industries such as financial services, government, healthcare and transportation, the Company is subject to risks related to increased customer bargaining power, longer sales cycles, regulatory changes, compliance with procurement requirements and contractual performance covenants, and enhanced customer support obligations.

The Company must invest significant time and resources in providing ongoing value to these customers and in enhancing its reputation as an enterprise software vendor. If these efforts fail, or if the Company's customers do not renew for other reasons, or if they renew on terms less favourable to the Company, the Company's revenue may decline and its results of operations could be materially impacted.

The Company's ability to grow software and services revenue is also dependent on its ability to expand its distribution capabilities with partners, resellers and licensees and its ability to maintain a qualified direct sales force, which requires significant time and resources, including investment in systems and training. From time to time, the Company may choose to reorganize its go-to-market teams in an effort to better leverage its sales resources and improve customer service. These reorganizations, which may include investments in educating the Company's sales force, can cause short-term disruptions and may negatively impact sales. There can be no assurance that the Company will be successful in implementing its sales and distribution strategy. See also the Risk Factor entitled "The Company's success depends on its relationships with resellers and distributors".

The Company faces intense competition.

The Company is engaged in markets that are highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies. No technology has been exclusively or commercially adopted as the industry standard for many of the products and services offered by the Company. Accordingly, both the nature of the competition and the scope of the business opportunities afforded by the markets in which the Company competes are uncertain.

The Company's competitors, including new market entrants, may implement new technologies before the Company does, deliver new products and services earlier, or provide products and services that are disruptive or that are attractively priced or enhanced or better quality compared to those of the Company, making it more difficult for the Company to win or preserve market share.

Some of the Company's competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Company does. In particular, some of the Company's competitors may be able to leverage their relationships with enterprise customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing the Company's solutions, including by selling at zero or negative margins, product bundling or offering closed technology platforms. In the automotive sector, some of the Company's OEM and Tier 1 customers have accelerated internal development of embedded solutions. In addition, competition may intensify as the Company's competitors enter into business combinations or alliances and established companies in other market segments expand to become competitive with the Company's business.

The impact of the competition described above could result in fewer customer orders, loss of market share, pressure to reduce prices, commoditization of product and service categories in which the Company participates, reduced revenue and reduced margins. If the Company is unable to compete successfully, there could be a material adverse effect on the Company's business, results of operations and financial condition.

The Company must obtain and maintain certain product approvals and certifications from governmental authorities, regulated enterprise customers and network carrier partners in order to remain competitive, meet contractual requirements and enable its customers to meet their certification needs. Failure to maintain such approvals or certifications for the Company's current products or to obtain such approvals or certifications for any new products on a timely basis could have a material adverse effect on the Company's competitive position. In addition, independent industry analysts often issue reports regarding endpoint security solutions and the perception of the Company's solutions in the marketplace, especially as compared to those of the Company's competitors, may be significantly influenced by these reports. If these reports are negative, less frequent or less positive than reports on the Company's competitors' products, the Company's competitive position may be harmed.

The occurrence or perception of a breach of the Company's network cybersecurity measures or an inappropriate disclosure of confidential or personal information could significantly harm its business.

The Company is continuously exposed to cyber threats through the actions of outside parties, such as hacking, viruses, and other malicious software, denial of service attacks, industrial espionage and other methods designed to breach the Company's network or data security. The Company is also exposed to risk as a result of process, coding or human errors and through attempts by third parties to fraudulently induce employees to provide access to confidential or personal information. Although malicious attempts to gain unauthorized access to such information affect many companies across various industries, the Company is at a relatively greater risk of being specifically targeted because of its reputation for security and the nature of its network operations, and because the Company has been involved in the identification of organized cyber adversaries. Such attempts may intensify as a by-product of Russia's invasion of Ukraine.

The Company devotes significant resources to network security, encryption and authentication technologies and other measures, including security policies and procedures, vulnerability testing and awareness training, to mitigate cyber risk to its systems, endpoints and data. In addition, the Company engineers novel security and reliability features, deploys software updates to address vulnerabilities, and maintains a security infrastructure that protects the integrity of the Company's network, products and services. The Company also mitigates risk by actively monitoring external threats, reviewing best practices and implementing appropriate internal controls, including incident response plans. However, the techniques used to obtain unauthorized access or to disable or degrade service are constantly evolving and becoming more sophisticated in nature, and frequently are not recognized or identified until after they have been deployed against a target. The Company may not be able to anticipate these techniques, to implement adequate preventative measures or to identify and respond to them in a timely manner, and the Company's efforts to do so may have a material adverse impact on the Company's operating margins, the user experience or compatibility with third party products and services.

Although to date the Company has not experienced any material financial or other losses relating to technology failure, cyberattacks or security breaches, there is no assurance that the Company will not experience material loss or damage in the future. If the network and product security measures implemented by the Company or its partners, including third-party data

center operators, cloud service providers and product manufacturers are breached, or perceived to be breached, or if the confidentiality, integrity or availability of the Company's data, including intellectual property and legally protected personal data, is compromised, the Company could be exposed to significant litigation, service disruptions, investigation and remediation costs, regulatory sanctions, fines and contractual penalties. In addition, any such event could materially damage the Company's reputation, which is built in large measure on the security and reliability of BlackBerry products and services, and could result in the loss of investor confidence, channel partners, competitive advantages, revenues and customers, including the Company's most significant government and regulated enterprise customers. While the Company maintains cybersecurity insurance, the Company's coverage may be insufficient to cover all losses or types of claims that may arise from cyber incidents, and any incidents may result in the loss of, or increased costs of, the Company's insurance.

The Company's business could be negatively affected as a result of actions of activist shareholders.

Publicly-traded companies have increasingly become subject to campaigns by investors seeking to advocate certain governance changes or corporate actions such as financial or operational restructuring, asset divestitures or even sales of the entire company. Activist shareholders have publicly advocated for certain governance and strategic changes at the Company in the past, and the Company could be subject to additional shareholder activity or demands in the future. Given the challenges the Company has encountered in its business in recent years, the Company's current strategic direction or leadership may not satisfy such shareholders who may attempt to promote or effect changes. Responding to proxy contests, media campaigns and other tactics by activist shareholders would be costly and time-consuming, disrupt the Company's operations and divert the attention of the Board and senior management from the pursuit of the Company's business strategies, which could adversely affect the Company's results of operations, financial condition and prospects. If individuals are elected to the Board with a specific agenda to increase short-term shareholder value, it may adversely affect or undermine the Company's ability to implement its strategic initiatives. Perceived uncertainties as to the Company's future direction as a result of shareholder activism could also result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel and business partners.

The Company's success depends on its continuing ability to attract new personnel, retain existing key personnel and manage its staffing effectively.

The Company's success is largely dependent on its continuing ability to identify, attract, develop, motivate and retain skilled employees, including members of its executive team, top research developers and experienced salespeople with specialized knowledge. Competition for such people is intense, continuous, and increasing in the industries in which the Company participates, and the Company has experienced solicitations of its employees by its competitors.

Competition for highly skilled personnel is intense, especially in the San Francisco Bay area and in the Waterloo, Ontario area, where the Company has a substantial presence and need for highly skilled personnel. The Company is also substantially dependent on the continued service of its existing engineering personnel because of the complexity and specialization of its products and services. Also, to the extent that the Company hires employees from mature public companies with significant financial resources, the Company may be subject to allegations that such employees have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such employees' inventions or other work product.

To attract and retain critical personnel, the Company may experience increased compensation costs that are not offset by increased productivity or higher prices for our products and services. Also, the Company's financial results and share price performance (particularly for senior employees for whom equity-based compensation is a key element of their total compensation), among other factors, may impact the Company's ability to attract new, and retain existing, employees. In addition, the Company's ability to hire and retain qualified personnel may be negatively impacted by the Company's policies with respect to remote, on-site or hybrid work arrangements, as these may not meet the needs or expectations of employees or may be perceived as less favourable compared to other companies' policies. Any failure by the Company to attract and retain key employees could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, during periods of internal reorganization, the Company may experience losses of business continuity and accumulated knowledge, internal compliance gaps or other inefficiencies, including litigation claims by terminated employees. If the Company does not maintain appropriate staffing, develop effective business continuity and succession programs, mitigate turnover and effectively utilize employees with the right mix of skills and experience across the functions necessary to meet the current and future needs of its business, the financial and operational performance of the Company could suffer.

A failure or perceived failure of the Company's solutions to detect or prevent security vulnerabilities could materially adversely affect the Company's reputation, financial condition and results of operations.

The techniques used by cyber adversaries to breach network and endpoint security measures are sophisticated and change frequently, and the Company's products and services may not protect users against all cyberattacks. At the same time, the Company's products and services are highly complex and may contain design defects, bugs or security vulnerabilities that are

difficult to detect and correct. Such internal defects and a variety of external factors, including misconfigurations, errors introduced through collaborations with the Company's engineering partners or the failure of customers to address risks identified by our platform, could impair the effectiveness of the Company's solutions and cause them to fail to secure endpoints and prevent attacks or function as intended. In addition, the Company's solutions may falsely indicate a cyber threat that does not actually exist, which may negatively impact customers' trust in the Company's solutions.

Real or perceived defects, errors or vulnerabilities in the Company's software and services, or the failure of the Company's platform solutions to detect or prevent cyber incidents, could result in the delay or denial of their market acceptance and may harm the Company's reputation, financial condition and results of operations. If errors are discovered, correcting them could require significant expenditures by the Company and the Company may not be able to successfully correct them in a timely manner or at all.

The Company's products and services frequently involve the transmission, processing and storage of data, including proprietary, confidential and personally-identifiable information, and a security compromise, misconfiguration or malfunction involving the Company's software could result in such information being accessible to attackers or other third parties. Real or perceived security breaches against a customer using the Company's solutions could cause damage or disruption to the customer and subject the Company to liability, and may result in the customer and the public believing that the Company's solutions are ineffective, even if they were not implicated in failing to block the attack. Further, a breach of an artificial intelligence and machine learning-based solution offered by another endpoint security provider could cause the market to lose confidence in next-generation security software generally, including the Company's solutions.

The Company's success depends on its relationships with resellers and channel partners.

The Company's ability to maintain and expand its market reach, particularly with small and medium-sized businesses, is increasingly dependent on establishing, developing and maintaining relationships with third party resellers and channel partners. The Company makes training available to its partners and develops sales programs to incentivize them to promote and deliver the Company's current and future products and services and to grow its user base.

If the Company is not able to effectively identify and establish new relationships with successful resellers and channel partners, or to maintain or enhance existing relationships without giving rise to conflicts between channels, or if the Company's partners do not act in a manner that will promote the success of the Company's products and services, the Company's business, results of operations and financial condition could be materially adversely affected.

Many resellers and channel partners sell products and services of the Company's competitors and may terminate their relationships with the Company with limited or no notice and limited or no penalty. If the Company's competitors offer their products and services to the resellers and channel partners on more favorable contractual or business terms, have more products and services available, or those products and services are, or are perceived to be, in higher demand by end users, or are more lucrative for the resellers and channel partners, there may be continued pressure on the Company to reduce the price of its products and services, or those resellers and channel partners may stop offering the Company's products or de-emphasize the sale of its products and services in favor of the Company's competitors, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Litigation against the Company may result in adverse outcomes.

In the course of its business, the Company is subject to potential litigation claims and enforcement actions arising from its public disclosure. The Company is committed to providing a high level of disclosure and transparency and provides commentary that highlights the trends and uncertainties that the Company anticipates. Given the highly competitive and dynamic industry in which the Company operates and the evolution of the Company's business strategy over time, the Company's financial results may not follow any past trends, making it difficult to predict the Company's financial results. Consequently, actual results may differ materially from those expressed or implied by the Company's forward-looking statements and may not meet the expectations of analysts or investors, which can contribute to the volatility of the market price of the Company's common shares.

In addition, the Company receives general commercial claims related to the conduct of its business and the performance of its products and services, including product liability and warranty claims, employment claims, claims for breaches of contractual covenants and other litigation claims, which may potentially include claims relating to improper use of, or access to, personal data. Liability claims related to product defects, bugs or vulnerabilities could give rise to class action litigation or to the withdrawal of certifications, and the Company may be subject to such claims either directly or indirectly through indemnities that it provides to certain of its customers. The Company's exposure to product liability risk may increase as the Company continues to commercialize its software innovations for autonomous and connected vehicles.

Litigation resulting from these claims and from actions asserted by the Company could be costly and time-consuming and could divert the attention of management and key personnel from the Company's business operations. The complexity of the technology involved and the inherent uncertainty of commercial, class action, securities, employment and other litigation

increases these risks. In recognition of these considerations, the Company may enter into settlements resulting in material expenditures, the payment of which could have a material adverse effect on the Company's business, results of operation and financial condition. Similarly, if the Company is unsuccessful in its defense of material litigation claims, the Company may be faced with significant monetary damages or injunctive relief against it that could have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition. Administrative or regulatory actions against the Company or its employees could also have a material adverse effect on the Company's business, BlackBerry brand, results of operations and financial condition. See Note 10 to the Consolidated Financial Statements for information regarding certain legal proceedings in which the Company is involved.

Adverse macroeconomic and geopolitical conditions have had and may continue to have a material adverse effect on the Company's business, results of operations and financial condition.

The COVID-19 pandemic and ensuing global semiconductor shortage have had and may continue to have a material adverse impact on production-based royalties for the Company's QNX automotive software business. The invasion of Ukraine by Russia and resulting global sanctions against Russia have exacerbated the disruption of automotive supply chains and its impact on the Company's business.

Economic weakness or inflation resulting directly or indirectly from the COVID-19 pandemic and the invasion of Ukraine, as well as higher interest rates implemented in response to inflation and resulting fears of recession, may negatively impact consumer demand for automobiles and is contributing to reduced spending on and longer sales cycles for cybersecurity solutions, which in turn may continue to adversely affect the Company's business, results of operations and financial condition on a consolidated basis. Because all components of the Company's budgeting and forecasting are dependent upon estimates of economic activity in the markets that the Company serves and demand for its products and services, economic uncertainties make it difficult to estimate future income and expenditures.

Although the Company does not believe that inflation had a direct effect on its operations in fiscal 2023, higher interest rates implemented in response to inflation contributed to the non-cash goodwill and long-lived asset impairment charges of $476 million (the "Fiscal 2023 Impairment Charge") recorded by the Company in the fourth quarter of the year.

Network disruptions or other business interruptions could have a material adverse effect on the Company's business and harm its reputation.

The Company's operations rely to a significant degree on the efficient and uninterrupted operation of complex technology systems and networks, which are in some cases integrated with those of carrier partners, cloud service providers, and third-party data centre operators. The Company's network operations and technology systems are potentially vulnerable to damage or interruption from a variety of sources, including by fire, earthquake, power loss, telecommunications or computer systems failure, cyber attack, human error, terrorist acts, war, and the threatened or actual suspension of BlackBerry services at the request of a government for alleged non-compliance with local laws or other events. The increased number of third party applications on the Company's network may also enhance the risk of network disruption or cyber attack for the Company. There may also be system or network interruptions if new or upgraded systems are defective or not installed properly, or if data centre operators fail to meet agreed service levels.

The Company has experienced network events in the past, and any future outage in a network or system or other unanticipated problem that leads to an interruption or disruption of BlackBerry services could have a material adverse effect on the Company's business, results of operations and financial condition, and could adversely affect the Company's longstanding reputation for reliability. As the Company moves to handle increased data traffic and support more applications or services, the risk of disruption and the expense of maintaining a resilient and secure network services capability may significantly increase.

The Company may not be successful in fostering an ecosystem of third-party application developers.

The Company believes decisions by customers to purchase its products, including the BlackBerry IVY platform, depend and will depend in part on the availability and compatibility of software applications and services that are developed and maintained by third-party developers. The Company may not be able to convince third parties to develop and maintain applications for its cybersecurity software and embedded solutions platforms. The loss of, or inability to maintain these developer relationships may materially and adversely affect the desirability of the Company's products and, hence, the Company's revenue from the sale of its products.

The Company's products and services are dependent upon interoperability with rapidly changing systems provided by third parties.

The Company's platform depends on interoperability with operating systems, such as those provided by Apple, Google and Microsoft, as well as automotive OEMs. Operating systems are upgraded frequently in response to consumer demand and, in order to maintain the interoperability of its platform, the Company may need to release new software updates at a much greater pace than a traditional enterprise software company that supports only a single platform. In addition, the Company typically

receives limited advance notice of changes in features and functionality of operating systems and platforms, and therefore the Company may be forced to divert resources from its preexisting product roadmap to accommodate these changes.

If the Company fails to enable IT departments to support operating system upgrades upon release, the Company's business and reputation could suffer. This could further disrupt the Company's product roadmap and cause it to delay introduction of planned products and services, features and functionality, which could harm the Company's business. Furthermore, some of the features and functionality in the Company's products and services require interoperability with APIs of other operating systems, and if operating system providers decide to restrict the Company's access to their APIs, that functionality would be lost and the Company's business could be impaired.

Operating system providers have included, and may continue to include, features and functionality in their operating systems that are comparable to elements of the Company's products and services, thereby making the Company's platform less valuable. The inclusion of, or the announcement of an intent to include, functionality perceived to be similar to that offered by the Company's products and services in mobile or embedded operating systems may have an adverse effect on the Company's ability to market and sell its products and services.

Risks Related to Intellectual Property and Technology Licensing

Failure to protect the Company's intellectual property could harm its ability to compete effectively and the Company may not earn the revenues it expects from intellectual property rights.

The Company's commercial success is highly dependent upon its ability to protect its proprietary technology. The Company relies on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights, all of which offer only limited protection. Despite the Company's efforts, the steps taken to protect its proprietary rights may not be adequate to preclude misappropriation of its proprietary information or infringement of its intellectual property rights. Detecting and protecting against the unauthorized use of the Company's products, technology proprietary rights, and intellectual property rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend the Company's intellectual property rights and could result in substantial costs and diversion of management resources, either of which could harm the Company's business, financial condition and results of operations, and there is no assurance that the Company will be successful. Further, the laws of certain countries in which the Company's products and services are sold or licensed do not protect intellectual property rights to the same extent as the laws of Canada or the United States.

With respect to patent rights, the Company cannot be certain whether any of its pending patent applications will result in the issuance of patents or whether the examination process will require the Company to narrow its claims. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage. In addition, a number of the Company's competitors and other third parties have been issued patents, and may have filed patent applications or may obtain additional patents and proprietary rights, for technologies similar to those that the Company has made or may make in the future. Public awareness of new technologies often lags behind actual discoveries, making it difficult or impossible to know all relevant patent applications at any particular time. Consequently, the Company cannot be certain that it was the first to develop the technology covered by its pending patent applications or that it was the first to file patent applications for the technology. In addition, the disclosure in the Company's patent applications may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, there can be no assurance that the Company's patent applications will result in patents being issued.

While the Company enters into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, customers, potential customers and others to attempt to limit access to, and distribution of, proprietary and confidential information, it is possible that:

- some or all of its confidentiality agreements will not be honored;
- third parties will independently develop equivalent technology or misappropriate the Company's technology or designs;
- disputes will arise with the Company's strategic partners, customers or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of the Company's intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

In addition, the Company expends significant resources to patent and manage the intellectual property it creates with the expectation that it will generate revenues by incorporating that intellectual property in its products or services. The Company also monetizes its patent assets through outbound licensing. Changes in the law may weaken the Company's ability to collect

royalty revenue for licensing its patents. Similarly, licensees of the Company's patents may fail to satisfy their obligations to pay royalties, or may contest the scope and extent of their obligations. Finally, the royalties the Company can obtain to monetize its intellectual property may decline because of the evolution of technology, changes in the selling price of products using licensed patents, or the difficulty of discovering infringements.

If the Malikie Transaction is completed successfully, the consideration payable to the Company from the sale of its non-core patent portfolio will include potential future royalty payments. The royalties, if any, that may be earned by the Company from the Malikie Transaction in any particular fiscal year or in the aggregate over the term of the royalty arrangement are difficult to predict, particularly given that any such royalties will depend entirely upon the business success of a third party. The aggregate proceeds that the Company ultimately receives from the Malikie Transaction are expected to be less than $900 million.

The Company may not be able to obtain rights to use third-party software and is subject to risks related to the use of open source software.

Many of the Company's products include intellectual property which must be licensed from third parties. The termination of any of these licenses, or the failure of such third parties to adequately maintain, protect or update their software or intellectual property rights, could delay the Company's ability to offer its products while the Company seeks to implement alternative technology offered by other sources (which may not be available on commercially reasonable terms) or develop such technology internally (which would require significant unplanned investment on the Company's part). The use of third-party software in the Company's products could also expose the Company and its customers to security vulnerabilities.

In addition, certain software that the Company uses may be subject to open source licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that the Company make available source code for modifications or derivative works created by the Company based upon the type of open source software used. If the Company combines its proprietary solutions with open source software in a certain manner, the Company could, under certain of the open source licenses, face claims from third parties claiming ownership of or demanding the public release of the source code of the Company's proprietary solutions, or demanding that the Company offer its solutions to users at no cost. This could allow the Company's competitors to create similar solutions with lower development effort and time and ultimately could result in a loss of revenue to the Company. The Company could also be subject to litigation by parties claiming that what the Company believes to be licensed open source software infringes their intellectual property rights.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on the Company's ability to commercialize its products and services. In such an event, the Company could be exposed to litigation or reputational damage, and could be required to obtain licenses from third parties in order to continue offering its products and services or to re-engineer its products or services, or discontinue their sale in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect the Company's business and operating results.

The Company could be found to have infringed on the intellectual property rights of others.

Companies in the software and technology industries, including some of the Company's current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently engage in litigation based on allegations of infringement or other violations of intellectual property rights. Although the Company believes that third-party software included in the Company's products is licensed from the entity holding the intellectual property rights and that its products do not infringe on the rights of third parties, third parties have and are expected to continue to assert infringement claims against the Company in the future. The Company may be subject to these types of claims either directly or indirectly through indemnities that it provides to certain of its customers, partners and suppliers against these claims. As the Company continues to develop software products and expand its portfolio using new technology and innovation, its exposure to threats of infringement may increase.

Many intellectual property infringement claims are brought by entities whose business model is to obtain patent-licensing revenues from operating companies such as the Company. Because such entities do not typically generate their own products or services, the Company cannot deter their claims based on counterclaims that they infringe patents in the Company's portfolio or by entering into cross-licensing arrangements.

Regardless of whether patent or other intellectual property infringement claims against the Company have any merit, they could:

- adversely affect the Company's relationships with its customers;
- be time-consuming and expensive to evaluate and defend, including in litigation or other proceedings;
- result in negative publicity for the Company;

- divert management's attention and resources;
- cause product delays or stoppages;
- subject the Company to significant liabilities;
- require the Company to develop possible workaround solutions that may be costly and disruptive to implement; and
- require the Company to cease certain activities or to cease selling its products and services in certain markets.

In addition, any such claim may require the Company to enter into costly royalty agreements or obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms.

Any of the foregoing infringement claims and related litigation could have a significant adverse impact on the Company's business and operating results, as well as the Company's ability to generate future revenues and profits. See also "Legal Proceedings" in this Annual Report on Form 10-K.

Risks Related to Assets, Indebtedness and Taxation

The Company has incurred indebtedness, which could adversely affect its operating flexibility and financial condition.

The Company has, and may from time to time in the future have, third-party debt service obligations pursuant to its outstanding indebtedness, which currently includes $365 million aggregate principal amount of 1.75% Debentures maturing on November 13, 2023. The degree to which the Company is leveraged could have important consequences, including that:

- the Company's ability to obtain additional debt financing may be limited;
- a portion of the Company's cash flow from operations or other capital resources will be dedicated to the payment of the principal of, and/or interest on, indebtedness, thereby reducing funds available for working capital, capital expenditures, strategic initiatives or other business purposes; and
- the Company's earnings under U.S. GAAP may be negatively affected to the extent that any indebtedness, such as the 1.75% Debentures, are accounted for by the Company at fair value and include embedded derivatives which fluctuate in value from period to period.

If the Company cannot maintain an adequate cash balance or positive cash flow from operations, the Company may be unable to pay amounts due under its outstanding indebtedness or to fund other liquidity needs and it may be required to refinance all or part of its then existing indebtedness, sell assets, reduce or delay capital expenditures or seek to raise additional capital, any of which could have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company would be able to restructure or refinance the 1.75% Debentures on terms as favourable as those currently in place. The Company's ability to restructure or refinance the 1.75% Debentures, as well as the Company's business and financial condition more generally, may be adversely impacted if the current instability in the banking sector worsens or becomes persistent.

The 1.75% Debentures are subject to restrictive and other covenants that may limit the discretion of the Company and its subsidiaries with respect to certain business matters. These covenants place restrictions upon, among other things, the Company's ability to incur additional indebtedness or provide guarantees in respect of obligations, create liens or other encumbrances, pay dividends, merge or consolidate with another entity and enter into any speculative hedging transaction. A breach of any of these covenants could result in a default under the Company's outstanding indebtedness, which would have a material adverse effect on the Company's business, results of operations and financial condition. In addition, certain of the Company's competitors may operate on a less leveraged basis, or without such restrictive covenants, and therefore could have greater operating and financing flexibility than the Company.

The Company faces substantial asset risk, including the potential for charges related to its long-lived assets and goodwill.

The Company's long-lived assets include items such as the Company's network infrastructure, operating lease right-of-use assets and certain intellectual property. Under United States generally accepted accounting principles ("U.S. GAAP"), the Company reviews its long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The Company's ability to generate sufficient cash flows to fully recover the current carrying value of these assets depends on the successful execution of its strategies. If it is determined that sufficient future cash flows do not exist to support the current carrying value, the Company will be required to record an impairment charge for long-lived assets in order to adjust the value of these assets to the newly established estimated value.

Goodwill represents the excess of the acquisition price over the fair value of identifiable net assets acquired. Under U.S. GAAP, the Company tests goodwill for impairment annually, during the fourth quarter, or more frequently if events or changes in

circumstances indicate that the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group. If any such events or circumstances arise, the Company may be required to record an impairment charge in the value of its goodwill.

In the fourth quarter of fiscal 2023, the Company recorded the Fiscal 2023 Impairment Charge. For additional information, see Note 3 to the Consolidated Financial Statements.

Tax provision changes, the adoption of new tax legislation or exposure to additional tax liabilities could materially impact the Company's financial condition.

The Company is subject to income, indirect (such as sales tax, sales and use tax and value-added tax) and other taxes in Canada and numerous foreign jurisdictions. Significant judgment is required in determining its worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Company believes that its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits will not be materially different from that which is reflected in historical income, indirect and other tax provisions and accruals. Should additional taxes or penalties and interest be assessed as a result of an audit, litigation or changes in tax laws, there could be a material adverse effect on the Company's current and future results and financial condition. In addition, there is a risk of recoverability of future deferred tax assets.

The Company's future effective tax rate will depend on the relative profitability of the Company's domestic and foreign operations, the statutory tax rates and taxation laws of the related tax jurisdictions, the tax treaties between the countries in which the Company operates, the timing of the release, if any, of the valuation allowance, and the relative proportion of research and development incentives to the Company's profitability.

Canada, together with approximately 140 other countries comprising the Organization for Economic Co-Operation and Development ("OECD") and the G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS"), approved in principle in 2021 certain base erosion tax initiatives, including the introduction of a 15% global minimum tax which is intended to be effective in 2023. Canada has not yet released any domestic legislation in respect of the introduction of the global minimum tax. In November 2022, the Department of Finance Canada released for public comment revised draft legislative proposals which, if enacted, may limit the deductibility of interest and financing expenses for Canadian tax purposes. The revised draft legislative proposals are generally intended to apply in respect of taxation years beginning on or after October 1, 2023. The Company will continue to monitor the BEPS and interest deductibility limitation proposals and any impact on the Company, which may result in an increase in future taxes and an adverse effect on the Company.

Under U.S. federal income tax laws, if a company is, or for any past period was, a passive foreign investment company ("PFIC"), there could be adverse U.S. federal income tax consequences to U.S. shareholders even if the Company is no longer a PFIC. While the Company does not believe that it is currently a PFIC, there can be no assurance that the Company was not a PFIC in the past and will not be a PFIC in the future.

Risks Related to Regulation

The use and management of user data and personal information could give rise to liabilities as a result of legal, customer and other third-party requirements.

User data and personal information is increasingly subject to new and amended legislation and regulations in numerous jurisdictions around the world that are intended to protect the privacy and security of personal information, as well as the collection, storage, transmission, use and disclosure of such information.

The interpretation of privacy and data protection laws and their application to the Internet and mobile communications in a number of jurisdictions is unclear and evolving. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying international requirements could cause the Company to incur additional costs and change the Company's business practices. In addition, because the Company's services are accessible worldwide, certain foreign jurisdictions may claim that the Company is required to comply with their laws, even where the Company has no local entity, employees, or infrastructure. Non-compliance could result in penalties or significant legal liability and the Company's business, results of operations and financial condition may be adversely affected.

The Company's customers, partners and members of its ecosystem may also have differing expectations or impose particular requirements for the collection, storage, processing and transmittal of user data or personal information in connection with BlackBerry products and services. Such expectations or requirements could subject the Company to additional costs, liabilities or negative publicity, and limit its future growth. In addition, governmental authorities may require access to limited data stored

by the Company through lawful access demands and capabilities, which could subject the Company to legal liability, unforeseen compliance cost and negative publicity. Even a perception that the Company's products or practices do not adequately protect users' privacy or data collected by the Company, made available to the Company or stored in or through the Company's products, or that they are being used by third parties to access personal or consumer data, could impair the Company's sales or its reputation and brand value.

Government regulations applicable to the Company's products and services, including products containing encryption capabilities, could negatively impact the Company's business.

Certain government regulations applicable to the Company's products and services may provide opportunities for competitors or limit growth. The impact of potential incremental obligations may vary based on the jurisdiction, but regulatory changes could impact whether the Company enters, maintains or expands its presence in a particular market, and whether the Company must dedicate additional resources to comply with these obligations.

Various countries have enacted laws and regulations, adopted controls, license or permit requirements, and restrictions on the export, import, and use of products or services that contain encryption technology. In addition, from time to time, governmental agencies have proposed additional regulations relating to encryption technology, such as requiring certification, notifications, review of source code, or the escrow and governmental recovery of private encryption keys. Governmental regulation of encryption technology, including the regulation of imports or exports, could harm the Company's sales in one or more jurisdictions and adversely affect the Company's revenues. Complying with such regulations could also require the Company to devote additional research and development resources to change the Company's software or services or alter the methods by which the Company makes them available, which could be costly. In addition, failure to comply with such regulations could result in penalties, costs and restrictions on import or export privileges or adversely affect sales to government agencies or government funded projects.

Environmental, social and governance ("ESG") expectations and standards expose the Company to risks that could adversely affect the Company's reputation and performance.

Standards for identifying, measuring and reporting ESG matters continue to evolve, including requirements for ESG-related disclosures that may be required of public companies by the securities and other applicable regulators. If the Company's ESG practices or disclosures do not meet evolving investor or other stakeholder expectations and standards, then the reputation of the Company, its ability to attract or retain employees, and its attractiveness as an investment, business partner, acquiror or service provider could be negatively impacted. Further, the Company's failure or perceived failure to pursue or fulfill ESG objectives or to satisfy applicable reporting standards on a timely basis, or at all, could have similar negative impacts or expose the Company to government enforcement actions and private litigation.

Failure of the Company's suppliers, subcontractors, channel partners and representatives to use acceptable ethical business practices or to comply with applicable laws could negatively impact the Company's business.

The Company expects its suppliers, subcontractors, licensees and other partners to operate in compliance with applicable laws, rules and regulations regarding working conditions, labour and employment practices, environmental compliance, anti-corruption, and patent and trademark licensing, as detailed in the Company's Supplier Code of Conduct. However, the Company does not directly control their labour and other business practices. If one of the Company's suppliers or subcontractors violates applicable labour, anti-corruption or other laws, or implements labour or other business practices that are regarded as unethical, or if a supplier or subcontractor fails to comply with procedures designed by the Company to adhere to existing or proposed regulations, the delivery of BlackBerry products could be interrupted, orders could be canceled, relationships could be terminated, the Company's reputation could be damaged, and the Company may be subject to liability. Any of these events could have a negative impact on the Company's business, results of operations and financial condition.

General Risk Factors

Acquisitions, divestitures, investments and other business initiatives may negatively affect the Company's results of operations.

The Company has acquired and continues to seek out opportunities to acquire or invest in, businesses, assets, products, services and technologies that expand, complement or are otherwise related to the Company's business or provide opportunities for growth. In addition, the Company is increasingly collaborating and partnering with third parties to develop technologies, products and services, as well as seek new revenue through partnering arrangements.

These activities involve significant challenges and risks, including: that they may not advance the Company's strategic objectives or generate satisfactory synergies or return on investment; that the Company may have difficulty integrating and managing new employees, business systems, development teams and product offerings; the potential loss of key employees of an acquired business; additional demands on the Company's management, resources, systems, procedures and controls; disruption of the Company's ongoing business; and diversion of management's attention from other business concerns.

Acquisitions, investments or other strategic collaborations or partnerships may involve significant commitments of financial and other resources of the Company. If these fail to perform as expected, or if the Company fails to enter into and execute the transactions or arrangements needed to succeed, the Company may not be able to bring its products, services or technologies to market successfully or in a timely manner, which would have a material adverse impact on results of operations.

Furthermore, an acquisition may have an adverse effect on the Company's cash position if all or a portion of the purchase price is paid in cash, and common shares issuable in an acquisition would dilute the percentage ownership of the Company's existing shareholders. Any such activity may not be successful in generating revenue, income or other returns to the Company, and the financial or other resources committed to such activities would not be available to the Company for other purposes. In addition, the acquisitions may involve unanticipated costs and liabilities, including possible litigation and new or increased regulatory exposure, which are not covered by the indemnity or escrow provisions, if any, of the relevant acquisition agreements.

As business circumstances dictate, the Company may also decide to divest itself of assets or businesses. The Company may not be successful in identifying or managing the risks involved in any divestiture, including its ability to obtain a reasonable purchase price for the assets, potential liabilities that may continue to apply to the Company following the divestiture, potential tax implications, employee issues or other matters. The Company's inability to address these risks could adversely affect the Company's business, results of operations and financial condition.

The Company's business is subject to risks inherent in foreign operations, including fluctuations in foreign currencies.

Sales outside of North America account for a significant portion of the Company's revenue. The Company maintains offices in a number of foreign jurisdictions and intends to continue to pursue growth in select international markets. The Company is subject to a number of risks associated with its foreign operations that may increase liability and costs, lengthen sales cycles and require significant management attention. These risks include:

- compliance with the laws of the United States, Canada and other countries that apply to the Company's international operations, including import and export legislation, trade sanctions, lawful access, and privacy, anti-corruption and consumer protection laws;
- unexpected changes in foreign regulatory requirements;
- reliance on third parties to establish and maintain foreign operations;
- instability in economic or political conditions;
- foreign exchange controls and cash repatriation restrictions;
- tariffs and other trade barriers;
- increased credit risk and difficulties in collecting accounts receivable;
- potential adverse tax consequences;
- uncertainties of laws and enforcement relating to the protection of intellectual property or secured technology;
- litigation in foreign court systems;
- cultural and language differences; and
- difficulty in managing a geographically dispersed workforce.

In addition, the Company is exposed to foreign exchange risk as a result of transactions in currencies other than its U.S. dollar functional currency. The majority of the Company's revenue is denominated in U.S. dollars; however, some revenue, and a substantial portion of operating costs and capital expenditures are incurred in other currencies, primarily Canadian dollars, euros and British Pounds. For more details, please refer to the discussion of foreign exchange and income taxes in the Company's MD&A for the fiscal year ended February 28, 2023.

All of the above factors may have a material adverse effect on the Company's business, results of operations and financial condition and there can be no assurance that the policies and procedures implemented by the Company to address or mitigate these risks will be successful, that Company personnel will comply with them, or that the Company will not experience these factors in the future.

Environmental events may negatively affect the Company.

A significant portion of the Company's personnel, including a majority of its senior leadership team, is based in California, in areas known for seismic activity and wildfires. The Company also has operations in numerous locations around the world that expose the Company to additional diverse environmental risks. A significant natural disaster, such as an earthquake, fire or flood could have a material adverse impact on the Company's business and operations and could cause the Company to incur costs to repair damages to its facilities, equipment and infrastructure. The Company's offices and remote working locations

have historically experienced, and are projected to continue to experience, climate-related events including drought, heat waves, ice storms, power shortages, and wildfires and resultant air quality impacts. The increasing frequency and impact of extreme weather events on the infrastructure of the Company and its suppliers, as well as public infrastructure, have the potential to disrupt the business of the Company, its suppliers and its customers.

Although the Company maintains incident management and disaster response plans, they may prove to be inadequate in the event of a major disruption caused by a natural disaster or geopolitical incident and the Company may be unable to continue its operations and may endure system interruptions, reputational harm, delays in its development activities, lengthy interruptions in service, breaches of data security and loss of critical data, and the Company's insurance may not cover such events or may be insufficient to compensate the Company for the potentially significant losses it may incur.

The Company expects its quarterly revenue and operating results to fluctuate.

The Company's revenues can change from one quarter to the next, including due to unexpected developments late in a quarter, such as lower-than-anticipated demand for the Company's products and services, issues with new product or service introductions, an internal systems failure, or challenges with one of the Company's distribution channels or other partners (including licensees and manufacturers).

Gross margins on the Company's products and services vary across product lines and can change over time as a result of product transitions, pricing and configuration changes, and cost fluctuations. In addition, the Company's gross margin and operating margin percentages, as well as overall profitability, may be materially adversely impacted as a result of a shift in product/service, geographic or channel mix, component cost increases, price competition, or the introduction of new products and services, including those that have higher cost structures or reduced pricing.

The market price of the Company's common shares is volatile.

The market price of the Company's outstanding common shares has been and continues to be volatile. The market price of the Company's shares may fluctuate significantly in response to the risks described elsewhere in these Risk Factors, as well as numerous other factors, many of which are beyond the Company's control, including: (i) announcements by the Company or its competitors of new products and services, acquisitions, customer wins or strategic partnerships; (ii) forward-looking financial guidance provided by the Company, any updates to this guidance, or the Company's failure to meet this guidance; (iii) quarterly and annual variations in operating results, which are difficult to forecast, and the Company's financial results not meeting the expectations of analysts or investors; (iv) recommendations by securities analysts or changes in earnings estimates; (v) the performance of other technology companies or the increasing market share of such companies; (vi) results of existing or potential litigation; (vii) market rumours; (viii) trading in derivative securities based on the Company's common shares; or (ix) speculative trading that is not primarily motivated by Company announcements or the condition of the Company's business. In addition, dilutive share issuances could adversely affect the market price of the Company's outstanding common shares.

In addition, broad market and industry factors may decrease the market price of the Company's common shares, regardless of the Company's operating performance. The stock market in general, and the securities of technology companies in particular, have often experienced extreme price and volume fluctuations, including, in recent years, as a result of the COVID-19 pandemic, the invasion of Ukraine by Russia, rising inflation and higher interest rates. Periods of volatility in the overall market and in the market price of the Company's securities may prompt securities class action litigation against the Company which, if not resolved swiftly, can result in substantial costs and a diversion of management's attention and resources. See also the Risk Factor entitled "Litigation against the Company may result in adverse outcomes" and the "Legal Proceedings" section in this Annual Report on Form 10-K.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's headquarters are located in Waterloo, Ontario, Canada. The Company's main campus in Waterloo consists of three leased buildings with approximately 479,000 square feet. The remaining lease term is approximately two years with the option to renew for an additional five years. The Company also operates facilities in the United States, Asia-Pacific, Europe and the Middle East for engineering, sales, marketing, research and development, our data center, and operations, among other general and administrative purposes.

The Company's other significant leased properties include the following:

- Ottawa facility, located in Ontario, Canada, totaling approximately 147,000 square feet;
- Mississauga facility, located in Ontario, Canada, totaling approximately 75,000 square feet;
- San Ramon facility, located in California, United States, totaling approximately 50,000 square feet;
- Brampton facility, located in Ontario, Canada, totaling approximately 6,706 square feet; and
- Cambridge facility, located in Ontario, Canada, totaling approximately 5,107 square feet.

The following table sets forth the location and approximate square footage of the Company's leased facilities as of February 28, 2023:

Location	(Square feet in thousands)
North America	1,050
Europe, Middle East and Africa	60
Asia Pacific	27
Total	1,137

ITEM 3. LEGAL PROCEEDINGS

See Note 10 to the Consolidated Financial Statements for information regarding certain legal proceedings in which the Company is involved.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common shares are listed and posted for trading on the NYSE and the TSX under the symbol "BB".

On February 28, 2023, there were 1,019 registered holders of record of our common shares.

Unregistered Sales of Equity Securities

The Company had no unregistered sales of equity securities during fiscal 2023 that were not previously reported.

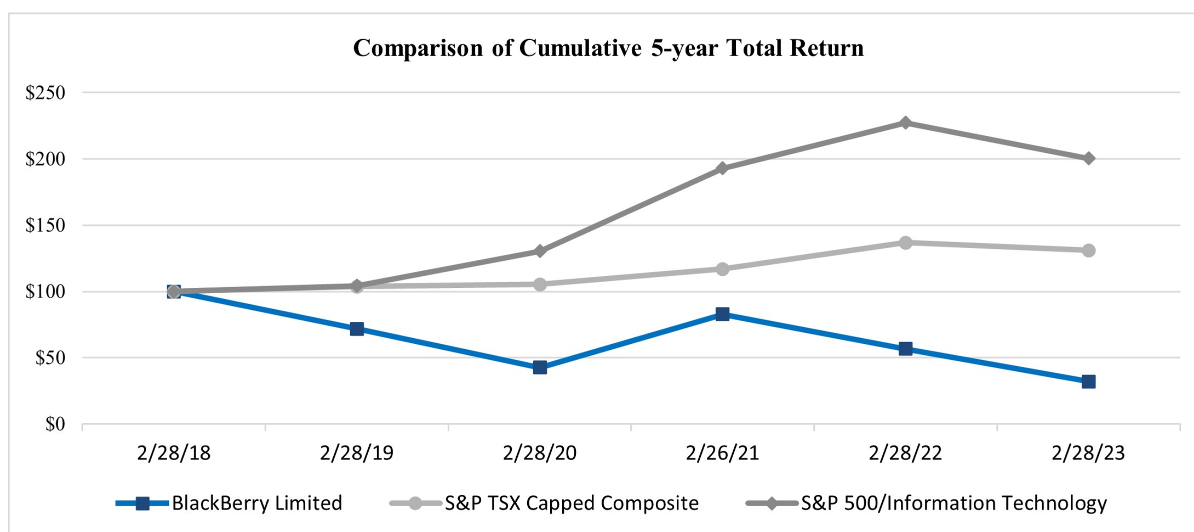
Share Repurchases

The Company did not repurchase any shares during fiscal 2023.

Stock Performance Graph

The following graph shows the cumulative total shareholder return of $100 invested in the common shares compared to the S&P/TSX Composite index, and the peer group index (S&P 500 Information Technology index) for the period of February 28, 2018 to February 28, 2023.

The performance of the Company's common shares as set out in the graph is based upon historical data and is not indicative of, nor intended to forecast, future performance of our common shares. The graph lines merely connect measurement dates and do not reflect fluctuations between those dates.



	Base Period 2/28/2018	2/28/2019	2/28/2020	2/28/2021	2/26/2022	2/28/2023
BlackBerry Limited	$ 100.00	$ 71.66	$ 42.59	$ 82.78	$ 56.59	$ 31.96
S&P TSX Capped Composite	100.00	103.60	105.31	116.95	136.81	130.94
S&P 500/Information Technology	100.00	104.35	130.35	192.96	227.26	200.27

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

Ownership and Exchange Controls

There is currently no law, governmental decree or regulation in Canada that restricts the export or import of capital, or which would affect the remittance of dividends, interest or other payments by us to non-resident holders of the Company's common shares, other than withholding tax requirements.

There is currently no limitation imposed by Canadian law or by the Company's articles or by-laws on the right of non-residents to hold or vote the Company's common shares, other than those imposed by the Investment Canada Act (Canada) and the Competition Act (Canada). These acts will generally not apply except where control of an existing Canadian business or company, which has Canadian assets or revenue, or enterprise value (as applicable) over a certain threshold, is acquired and will not apply to trading generally of securities listed on a stock exchange.

Certain Canadian Federal Income Tax Considerations for U.S. Residents

The following is a summary of the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (together with the regulations thereto, the "Tax Act") to a beneficial holder of the Company's common shares who, for the purposes of the Tax Act and the Canada-United States Income Tax Convention (1980) (the "Treaty"), and at all relevant times, (i) is not and is not deemed to be a resident in Canada, (ii) is a resident of the United States for the purposes of the Treaty and is entitled to the full benefits thereunder, (iii) holds all common shares as capital property, (iv) deals at arm's length with and is not affiliated with the Company, and (v) does not use or hold and is not deemed to use or hold the common shares in connection with a business carried on in Canada (each such holder, a "U.S. Resident Holder"). This summary is not generally applicable to a U.S. Resident Holder that is: (i) an insurer carrying on an insurance business in Canada and elsewhere, or (ii) an "authorized foreign bank," each as defined in the Tax Act. Such U.S. Resident Holders should consult their own tax advisors.

Generally, a U.S. Resident Holder's common shares will be considered to be capital property of a U.S. Resident Holder provided the U.S. Resident Holder does not hold such shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act, the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof, and the Treaty. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action or decision, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of the Company's common shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of the common shares is made. Accordingly, holders and prospective holders of the Company's common shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of the common shares in their particular circumstances.

Dividends

Dividends paid or credited, or deemed to be paid or credited, on the Company's common shares to a U.S. Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends, subject to reduction under the provisions of the Treaty. Under the Treaty, the rate of Canadian withholding tax applicable to a U.S. Resident Holder that is the beneficial owner of dividends is generally reduced to 15% of the gross amount of the dividends, and, if such U.S. Resident Holder is a company that owns at least 10% of the Company's voting shares at the time of the dividends, the rate of Canadian withholding tax is reduced to 5% of the gross amount of the dividends. U.S. Resident Holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to the Treaty should consult with their own tax advisors with respect to taking all appropriate steps in this regard.

Disposition of Common Shares

A U.S. Resident Holder who disposes or is deemed to dispose of a common share will not be subject to tax under the Tax Act on any capital gain realized on such disposition, unless the common share constitutes "taxable Canadian property," within the meaning of the Tax Act, of the U.S. Resident Holder at the time of the disposition and the U.S. Resident Holder is not entitled to relief under the Treaty.

Generally, a common share of a particular U.S. Resident Holder will not be "taxable Canadian property" of such U.S. Resident Holder at any time at which such common share is listed on a "designated stock exchange," within the meaning of the Tax Act (which includes the TSX and NYSE) unless, at any particular time during the 60-month period that ends at that time, both of the

following conditions are met concurrently: (a) 25% or more of the issued shares of any class of the capital stock of the Company were owned by or belonged to one or any combination of (i) the U.S. Resident Holder, (ii) persons with whom the U.S. Resident Holder did not deal at arm's length for purposes of the Tax Act, and (iii) partnerships in which the U.S. Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships; and (b) more than 50% of the fair market value of the common share was derived, directly or indirectly, from one or any combination of: (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (b)(i) to (iii), whether or not the property exists. A common share may also be deemed to be "taxable Canadian property" in certain circumstances as set out in the Tax Act. In the case of a U.S. Resident Holder to whom a common share of the Company represents "taxable Canadian property", under the Treaty, such a U.S. Resident Holder will generally not be subject to tax under the Tax Act on a capital gain realized on the disposition of such share unless the value of such share is derived principally from real property situated in Canada (within the meaning of the Treaty).

In the event that a common share is "taxable Canadian property," within the meaning of the Tax Act, to a U.S. Resident Holder at the time of disposition, such U.S. Resident Holder should consult its own tax advisor as to the Canadian federal income tax consequences of the disposition.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of BlackBerry Limited, for the fiscal year ended February 28, 2023. The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with U.S. GAAP. All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

Readers should carefully review Part I, Item 1A "Risk Factors" and other documents filed from time to time with the Securities and Exchange Commission ("SEC") and other securities regulators. A number of factors may materially affect our business, financial condition, operating results and prospects. These factors include but are not limited to those set forth in Part I, Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Any one of these factors, and other factors that we are unaware of, or currently deem immaterial, may cause our actual results to differ materially from recent results or from our anticipated future results. Please refer to our MD&A included in our Annual Report on 10-K for the fiscal year ended February 28, 2022 for a comparative discussion of our fiscal 2022 financial results as compared to our fiscal 2021 financial results, which is incorporated herein by reference. Additional information about the Company can be found on SEDAR at www.sedar.com and on the SEC's website at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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 relating to:

- the Company's plans, strategies and objectives, including its intentions to increase and enhance its product and service offerings and to patent new innovations, and to complete the sale of a portfolio of its non-core patent assets;
- the Company's expectations with respect to the impact of the COVID-19 pandemic and the global semiconductor shortage, as well as other macroeconomic factors including inflation and interest rates, on its results of operations and financial condition;
- the Company's expectations with respect to its revenue and billings in fiscal 2024, the annual recurring revenue of its Cybersecurity business in fiscal 2024, installations of the BlackBerry IVY™ platform and the sale of substantially all of its non-core patent assets;
- the Company's estimates of purchase obligations and other contractual commitments; and
- the Company's expectations with respect to the sufficiency of its financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "could", "intend", "believe", "target", "plan" and similar expressions are intended to identify forward-looking statements in this Annual Report on Form 10-K, including in the sections in Part I, Item 1 "Business" entitled "Products and Services - IoT", "Products and Services - Licensing and Other", "Intellectual Property" and "Human Capital", and in the sections of this MD&A entitled "Business Overview - COVID-19", "Business Overview - Russia Ukraine Conflict", "Non-GAAP Financial Measures - Key Metrics - Annual Recurring Revenue", "Non-GAAP Financial Measures - Key Metrics - TCV Billings", "Results of Operations - Fiscal year ended February 28, 2023

compared to fiscal year ended February 28, 2022 - Revenue - Revenue by Segment", "Results of Operations - Three months ended February 28, 2023 compared to the three months ended February 28, 2022 - Revenue - Revenue by Segment" and "Financial Condition - Contractual and Other Obligations". Forward-looking statements are based on estimates and assumptions 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 appropriate in the circumstances, including but not limited to, the Company's expectations regarding its business, strategy, opportunities and prospects, the launch of new products and services, general economic conditions, the ongoing COVID-19 pandemic, competition, and the Company's expectations regarding its financial performance. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risk factors discussed in Part I, Item 1A "Risk Factors" in this Annual Report on Form 10-K.

All of these factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. Any statements that are forward-looking statements are intended to enable the Company's shareholders to view the anticipated performance and prospects of the Company 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 the Company's financial results and performance for future periods, particularly over longer periods, given changes in technology and the Company's business strategy, evolving industry standards, intense competition and short product life cycles that characterize the industries in which the Company operates. See the "Strategy" subsection in Part I, Item 1 "Business" of this Annual Report on Form 10-K.

The Company 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.

Business Overview

The Company provides intelligent security software and services to enterprises and governments around the world. The Company secures more than 500 million endpoints including more than 215 million vehicles. Based in Waterloo, Ontario, the Company leverages artificial intelligence and machine learning to deliver innovative solutions in the areas of cybersecurity, safety and data privacy, and is a leader in the areas of endpoint security, endpoint management, encryption and embedded systems. The Company's common shares trade under the ticker symbol "BB" on the New York Stock Exchange and the Toronto Stock Exchange. The Company was incorporated under the Business Corporations Act (Ontario) on March 7, 1984.

The Company continued to execute on its strategy in fiscal 2023 and announced the following significant achievements:

Products and Innovation:

- Demonstrated BlackBerry IVY™ running on three commercially-available automotive platforms at CES 2023 and announced general availability for May 2023;
- Launched QNX® Accelerate, making the QNX® Neutrino® real time operating system (RTOS) and QNX® OS for Safety available in the cloud and through AWS Marketplace;
- Released QNX® Hypervisor 2.2 for Safety, the latest edition of the Company's safety-certified, real-time embedded hypervisor product, certified to the highest level of functional safety for both automotive and medical device software;
- Strengthened QNX® Advanced Virtualization Framework for Android Automotive OS to simplify and accelerate building IVI systems on the QNX® Hypervisor;
- Achieved the certification of QNX® OS for Safety 2.2 to the highest integrity level of the functional safety standard for the railway industry;
- Launched CylanceGATEWAY, BlackBerry's Zero Trust Network Access (ZTNA) service offering;
- Released CylanceAVERT™, a data loss detection module that provides data access and leakage visibility via CylanceGATEWAY™;
- Released Cyber Threat Intelligence (CTI), a professional threat intelligence service to help customers prevent, detect, and effectively respond to cyberattacks;
- Recognized as a 2023 Gartner® Peer Insights™ Customers' Choice for Unified Endpoint Management (UEM) tools, including as the only vendor to be placed in the upper right quadrant;
- Named as a 'Leader' for a third consecutive year in the IDC MarketScape: Worldwide UEM Software 2022 Vendor Assessment;
- Announced that NATO Communications and Information Agency (NCI Agency) awarded security accreditation to SecuSUITE for Government for global use in official NATO secure communications; and
- Awarded updated NIAP/Common Criteria and CSfC certification for BlackBerry SecuSUITE® for Government.

Customers and Partners:

- Announced an agreement to sell substantially all of BlackBerry's non-core patent assets to Malikie Innovations Limited, a subsidiary of Key Patent Innovations Limited, for a combination of cash at closing and potential future royalties in the aggregate amount of up to $900 million;
- Announced first BlackBerry IVY design win as Dongfeng Motor selected PATEO digital cockpit for the next-generation all-electric VOYAH Model;
- Selected by Volkswagen Group's software company, Cariad, for its VW.OS, part of a unified software platform to be deployed across all Volkswagen Group brands;
- Entered into a multi-year agreement with Magna International Inc. to collaborate on next-generation Advanced Driver Assistance System (ADAS) solutions for global automakers;
- Selected by Chongqing Yazaki to power a digital LCD cluster for the Chinese market, including deployment within next-generation vehicles from Geely Auto and Dongfeng Liuzhou Auto;
- Selected by BDStar Intelligent & Connected Vehicle Technology Co., Ltd. (BICV) to power an intelligent digital cockpit, featuring augmented reality, artificial intelligence, and hologram functions for the new Renault Jiangling all-electric sedan;
- Jointly developed a digital LCD instrument cluster with BiTECH for Changan's next-generation high-end UNI-V Coupe;
- Selected by Dayin Technology to develop acoustic solutions for Great Wall Motors' premium, next-generation vehicles;
- Announced that BlackBerry QNX software is embedded in over 215 million vehicles;
- Launched the Software-Defined Vehicle Innovator Awards with MotorTrend;
- Collaborated with LeapXpert to enable the BlackBerry® Dynamics™ platform to provide secure communications through leading messaging applications such as iMessage, WhatsApp and SMS;
- Partnered with Midis Group to expand go-to-market activities in Eastern Europe, the Middle East, and Africa; and
- Expanded BlackBerry SecuSUITE secure communications partner network in Asia Pacific, with the addition of NSI Global, Praesidum Group and Teletrol-One.

Environmental, Sustainability and Corporate Governance:

- Appointed Phil Kurtz as Chief Legal Officer and Corporate Secretary; and
- Released the Company's 2022 Environmental, Social, and Governance (ESG) report.

Pearlstein Settlement

On April 7, 2022, the Company announced that it had reached an agreement in principle to settle the consolidated securities class action lawsuit captioned *Pearlstein v. Blackberry Limited, et al.,* Case No. 13 Civ. 7060 (CM) (KHP) pending against the Company and certain of its former officers in the U.S. District Court for the Southern District of New York. A formal settlement agreement was signed on June 9, 2022, and contemplated an aggregate cash payment by the Company of $165 million to settle the claims brought on behalf of all persons who purchased or otherwise acquired BlackBerry shares on the NASDAQ between March 28, 2013 and September 20, 2013. The Stipulation of Settlement was executed effective June 7, 2022. On June 14, 2022, the Court granted plaintiffs' motion for preliminary approval of the settlement and scheduled the final approval hearing for September 29, 2022. On September 29, 2022, the Court granted final approval of the settlement and entered final judgment. While the Company believes that the allegations in the case were without merit, it also believes that eliminating the distraction, expense and risk of continued litigation was in the best interests of the Company and its shareholders. In the first quarter of fiscal 2023, the Company accrued $165 million associated with this settlement within the line *Litigation settlement* on the consolidated statement of operations. On June 29, 2022, the Company paid $1 million of the settlement amount. The remaining $164 million was paid on September 6, 2022.

Goodwill Impairment

During the fourth quarter of fiscal 2023, as part of its process for setting the annual operating plan for fiscal 2024, the Company updated its estimates of long-term future cash flows to reflect lower revenue and EBITDA growth rate expectations and a reduction in revenue multiples used in the valuation of the BlackBerry Spark reporting unit. These changes in estimates, combined with the global economic weakness and inflation resulting directly or indirectly from the COVID-19 pandemic and the Russian invasion of Ukraine, higher interest rates implemented in response to inflation, and a broad-based stock market decline impacting the Company's market capitalization, resulted in the recognition of a goodwill impairment charge of $245 million (the "Fiscal 2023 Goodwill Impairment Charge") in the BlackBerry Spark reporting unit, which is included within the Company's Cybersecurity segment. For additional information, see Note 3 to the Consolidated Financial Statements. The estimated fair values of the Company's other reporting units substantially exceeded their carrying values as at the annual goodwill impairment test date.

Long-Lived Asset Impairment ("LLA Impairment")

During the fourth quarter of fiscal 2023, market conditions and changes in the Company's estimates as described above under "Goodwill Impairment" provided indicators of potential impairment in the Company's UES asset group, which is primarily composed of intangible assets recognized in the acquisition of Cylance and is included within the Company's Cybersecurity segment. The Company performed the two-step impairment testing process as described in Note 1, utilizing the income approach using a discounted future cash flow model and market-based approaches, and concluded that the carrying values of the Company's UES asset group exceeded their fair values, necessitating an impairment charge of $231 million. None of the Company's other asset groups demonstrated indicators of potential impairment. During fiscal 2023, the Company also recorded a $4 million impairment charge relating to right-of-use assets for a total LLA impairment charge of $235 million (the "Fiscal 2023 LLA Impairment Charge"). For additional information, see Note 3 to the Consolidated Financial Statements.

COVID-19 and Macroeconomic Factors

The COVID-19 pandemic and ensuing global semiconductor shortage have had and continue to have a material adverse impact on production-based royalties for the Company's QNX automotive software business. The invasion of Ukraine by Russia and resulting global sanctions against Russia have exacerbated the disruption of automotive supply chains and its impact on the Company's business.

Economic weakness or inflation resulting directly or indirectly from the COVID-19 pandemic and the Russian invasion of Ukraine, as well as higher interest rates implemented in response to inflation and resulting fears of recession, may negatively impact consumer demand for automobiles and is contributing to reduced spending and longer sales cycles for cybersecurity solutions, which in turn may continue to adversely affect the Company's business. The Company does not believe that inflation had a direct effect on its operations during fiscal 2023; however, higher interest rates implemented in response to inflation negatively impacted the Company's estimates of the fair values of its reporting units which, among other factors, resulted in the Fiscal 2023 Goodwill Impairment Charge.

Refer to Part I, Item 1A "Risk Factors" in this Annual Report on form 10-K for a discussion of these factors and other risks.

Fiscal 2023 Summary Results of Operations

The following table sets forth certain consolidated statements of operations data, as well as certain consolidated balance sheet data, as at and for the fiscal years ended February 28, 2023, February 28, 2022, and February 28, 2021:

	As at and for the Fiscal Years Ended *(in millions, except for share and per share amounts)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue	$ 656	$ 718	$ (62)	$ 893	$ (175)
Gross margin	419	467	(48)	643	(176)
Operating expenses	1,144	469	675	1,750	(1,281)
Investment income (loss), net	5	21	(16)	(6)	27
Income (loss) before income taxes	(720)	19	(739)	(1,113)	1,132
Provision for (recovery of) income taxes	14	7	7	(9)	16
Net income (loss)	$ (734)	$ 12	$ (746)	$ (1,104)	$ 1,116
Earnings (loss) per share - reported					
Basic	$ (1.27)	$ 0.02		$ (1.97)	
Diluted	$ (1.35)	$ (0.31)		$ (1.97)	
Weighted-average number of shares outstanding (000's)					
Basic	578,654	570,607		561,305	
Diluted [(1)]	639,487	631,440		561,305	

[(1)] Diluted loss per share on a U.S. GAAP basis for fiscal 2021 does not include the dilutive effect of the Debentures (as defined below) as to do so would be anti-dilutive. Diluted loss per share on a U.S. GAAP basis for fiscal 2023, fiscal 2022 and fiscal 2021 does not include the dilutive effect of stock-based compensation as to do so would be anti-dilutive. See Note 8 to the Consolidated Financial Statements for the fiscal year ended February 28, 2023 for calculation of the diluted weighted average number of shares outstanding.

The following tables show information by operating segment for the three months and year ended February 28, 2023 and February 28, 2022. The Company reports segment information in accordance with U.S. GAAP Accounting Standards Codification Section 280 based on the "management" approach. The management approach designates the internal reporting used by the CODM for making decisions and assessing performance of the Company's reportable operating segments. See "Business Overview - Segment Reporting" for a description of the Company's operating segments, as well as Note 12 to the Consolidated Financial Statements.

For the Three Months Ended
(in millions)

	Cybersecurity			IoT			Licensing and Other			Segment Totals		
	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change
Segment revenue	$ 88	$ 122	$ (34)	$ 53	$ 52	$ 1	$ 10	$ 11	$ (1)	$ 151	$ 185	$ (34)
Segment cost of sales	36	47	(11)	10	8	2	4	5	(1)	50	60	(10)
Segment gross margin	$ 52	$ 75	$ (23)	$ 43	$ 44	$ (1)	$ 6	$ 6	$ —	$ 101	$ 125	$ (24)

For the Year Ended
(in millions)

	Cybersecurity			IoT			Licensing and Other			Segment Totals		
	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change
Segment revenue	$ 418	$ 477	$(59)	$ 206	$ 178	$ 28	$ 32	$ 63	$(31)	$ 656	$ 718	$(62)
Segment cost of sales	185	194	(9)	37	30	7	12	23	(11)	234	247	(13)
Segment gross margin	$ 233	$ 283	$(50)	$ 169	$ 148	$ 21	$ 20	$ 40	$(20)	$ 422	$ 471	$(49)

The following tables reconcile the Company's segment results for the three months and year ended February 28, 2023 to consolidated U.S. GAAP results:

For the Three Months Ended February 28, 2023
(in millions)

	Cybersecurity	IoT	Licensing and Other	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 88	$ 53	$ 10	$ 151	$ —	$ 151
Cost of sales	36	10	4	50	1	51
Gross margin [1]	$ 52	$ 43	$ 6	$ 101	$ (1)	$ 100
Operating expenses					599	599
Investment income, net					(6)	(6)
Loss before income taxes						$ (493)

For the Year Ended February 28, 2023
(in millions)

	Cybersecurity	IoT	Licensing and Other	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 418	$ 206	$ 32	$ 656	$ —	$ 656
Cost of sales	185	37	12	234	3	237
Gross margin [1]	$ 233	$ 169	$ 20	$ 422	$ (3)	$ 419
Operating expenses					1,144	1,144
Investment income, net					(5)	(5)
Loss before income taxes						$ (720)

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[1] See "Non-GAAP Financial Measures" for a reconciliation of selected U.S. GAAP-based measures to adjusted measures for the three months and year ended February 28, 2023.

The following tables reconcile the Company's segment results for the three months and year ended February 28, 2022 to consolidated U.S. GAAP results:

For the Three Months Ended February 28, 2022
(in millions)

	Cybersecurity	IoT	Licensing and Other	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 122	$ 52	$ 11	$ 185	$ —	$ 185
Cost of sales	47	8	5	60	1	61
Gross margin [(1)]	$ 75	$ 44	$ 6	$ 125	$ (1)	$ 124
Operating expenses					(22)	(22)
Investment loss, net					1	1
Income before income taxes						$ 145

For the Year Ended February 28, 2022
(in millions)

	Cybersecurity	IoT	Licensing and Other	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 477	$ 178	$ 63	$ 718	$ —	$ 718
Cost of sales	194	30	23	247	4	251
Gross margin [(1)]	$ 283	$ 148	$ 40	$ 471	$ (4)	$ 467
Operating expenses					469	469
Investment income, net					(21)	(21)
Income before income taxes						$ 19

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[(1)] See "Non-GAAP Financial Measures" for a reconciliation of selected U.S. GAAP-based measures to adjusted measures for the three months and year ended February 28, 2022.

Financial Highlights

The Company had approximately $487 million in cash, cash equivalents and investments as of February 28, 2023 (Fiscal 2022 - $770 million).

In fiscal 2023, the Company recognized revenue of $656 million and incurred a net loss of $734 million, or $1.27 basic loss per share and $1.35 diluted loss per share on a U.S. GAAP basis (fiscal 2022 - revenue of $718 million and net income of $12 million, or $0.02 basic earnings per share and $0.31 diluted loss per share). The net loss was primarily due to the Fiscal 2023 Goodwill Impairment Charge and Fiscal 2023 LLA Impairment Charge, as discussed above in "Business Overview - Goodwill Impairment" and "Business Overview - Long-Lived Asset Impairment".

The Company recognized adjusted net loss of $103 million, or adjusted loss of $0.18 per share, on a non-GAAP basis in fiscal 2023 (fiscal 2022 - adjusted net loss of $55 million and adjusted loss of $0.10 per share). See "Non-GAAP Financial Measures" below.

Debentures Fair Value Adjustment

As previously disclosed, the Company elected the fair value option to account for its outstanding 1.75% unsecured convertible debentures (the "1.75% Debentures") and its previously outstanding 3.75% outstanding convertible debentures (the "3.75% Debentures" and together with the 1.75% Debentures, the "Debentures"); therefore, periodic revaluation has been and continues to be required under U.S. GAAP. The fair value adjustment does not impact the terms of the Debentures such as the face value, the redemption features or the conversion price.

As of February 28, 2023, the fair value of the 1.75% Debentures was approximately $367 million versus the principal value of $365 million. For the three months ended February 28, 2023, the Company recorded a non-cash loss relating to changes in fair value from instrument specific credit risk of $1 million in other comprehensive income (loss) ("OCI") and non-cash income relating to changes in fair value from non-credit components of $26 million (pre-tax and after tax) (the "Q4 Fiscal 2023 Debentures Fair Value Adjustment") in the Company's consolidated statements of operations. In fiscal 2023, the Company recorded non-cash income relating to changes in fair value from instrument-specific credit risk of $2 million in OCI and non-cash income relating to changes in fair value from non-credit components of $138 million (pre-tax and after tax) (the "Fiscal

2023 Debentures Fair Value Adjustment") in the Company's consolidated statements of operations. See Note 6 to the Consolidated Financial Statements for further details on the Debentures.

Non-GAAP Financial Measures

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, and information contained in this MD&A is presented on that basis. On March 30, 2023, the Company announced financial results for the three months and fiscal year ended February 28, 2023, which included certain non-GAAP financial measures and non-GAAP ratios, including adjusted gross margin, adjusted gross margin percentage, adjusted operating expense, adjusted net income (loss), adjusted income (loss) per share, adjusted research and development expense, adjusted selling, marketing and administrative expense, adjusted amortization expense, adjusted operating income (loss), adjusted EBITDA, adjusted operating income (loss) margin percentage, adjusted EBITDA margin percentage and free cash flow (usage).

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 certain items below from the Company's U.S. GAAP financial results. The Company believes that these non-GAAP financial measures and non-GAAP ratios provide management, as well as readers of the Company's financial statements, with a consistent basis for comparison across accounting periods and is useful in helping management and readers understand the Company's operating results and underlying operational trends. In the first quarter of fiscal 2022, the Company discontinued its use of software deferred revenue acquired and software deferred commission expense acquired adjustments in its non-GAAP financial measures due to the quantitative decline in the adjustments over time. For purposes of comparability, the Company's non-GAAP financial measures for the three months ended and year ended February 28, 2021 have been updated to conform to the current year's presentation.

- *Debentures fair value adjustment*. The Company has elected to measure its outstanding 1.75% Debentures at fair value in accordance with the fair value option under U.S. GAAP. Each period, the fair value of the 1.75% Debentures is recalculated and resulting non-cash income and charges from the change in fair value from non-credit components of the 1.75% Debentures are recognized in income. The amount can vary each period depending on changes to the Company's share price, share price volatility and credit indices. This is not indicative of the Company's core operating performance, and may not be meaningful when comparing the Company's operating performance against that of prior periods.
- *Restructuring charges*. The Company believes that restructuring costs relating to employee termination benefits, facilities and other costs pursuant to the Cost Optimization Program to reduce its annual expenses amongst R&D, infrastructure and other functions do not reflect expected future operating expenses, are not indicative of the Company's core operating performance, and may not be meaningful when comparing the Company's operating performance against that of prior periods.
- *Stock compensation expenses*. Equity compensation is a non-cash expense and does not impact the ongoing operating decisions taken by the Company's management.
- *Amortization of acquired intangible assets.* When the Company acquires intangible assets through business combinations, the assets are recorded as part of purchase accounting and contribute to revenue generation. Such acquired intangible assets depreciate over time and the related amortization will recur in future periods until the assets have been fully amortized. This is not indicative of the Company's core operating performance, and may not be meaningful when comparing the Company's operating performance against that of prior periods.
- *Long-lived asset impairment charge.* The Company believes that long-lived asset impairment charges do not reflect expected future operating expenses, are not indicative of the Company's core operating performance, and may not be meaningful when comparing the Company's operating performance against that of prior periods.
- *Goodwill impairment charge.* The Company believes that goodwill impairment charges do not reflect expected future operating expenses, are non-cash, and may not be meaningful when comparing the Company's operating performance against that of prior periods.
- *Litigation settlement.* The Company believes that litigation settlements do not reflect expected future operating expenses, are not indicative of the Company's core operating performance, and may not be meaningful when comparing the Company's operating performance against that of prior periods.

On a U.S. GAAP basis, the impacts of these items are reflected in the Company's income statement. However, the Company believes that the provision of supplemental non-GAAP measures allows investors to evaluate the financial performance of the Company's business using the same evaluation measures that management uses and is therefore a useful indication of the Company's performance or expected performance of future operations and facilitates period-to-period comparison of operating performance. As a result, the Company considers it appropriate and reasonable to provide, in addition to U.S. GAAP measures, supplementary non-GAAP financial measures that exclude certain items from the presentation of its financial results.

Reconciliation of non-GAAP based measures with most directly comparable U.S. GAAP based measures for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021

Readers are cautioned that adjusted gross margin, adjusted gross margin percentage, adjusted operating expense, adjusted net income (loss), adjusted income (loss) per share, adjusted research and development expense, adjusted selling, marketing and administrative expense, adjusted amortization expense, adjusted operating income (loss), adjusted EBITDA, adjusted operating income (loss) margin percentage, adjusted EBITDA margin percentage and free cash flow (usage) 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, which are described in this MD&A and presented in the Consolidated Financial Statements.

A reconciliation of the most directly comparable U.S. GAAP financial measures for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021 to adjusted financial measures is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Gross margin	$ 100	$ 124	$ 152
Stock compensation expense	1	1	1
Adjusted gross margin	$ 101	$ 125	$ 153
Gross margin %	66.2 %	67.0 %	72.4 %
Stock compensation expense	0.7 %	0.6 %	0.5 %
Adjusted gross margin %	66.9 %	67.6 %	72.9 %

Reconciliation of U.S. GAAP operating expense (income) for the three months ended February 28, 2023, November 30, 2022, February 28, 2022 and February 28, 2021 to adjusted operating expense is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2023	November 30, 2022	February 28, 2022	February 28, 2021
Operating expense (income)	$ 599	$ 111	$ (22)	$ 465
Restructuring charges	7	—	—	—
Stock compensation expense	9	8	4	16
Debentures fair value adjustment [1]	(26)	(56)	(165)	258
Acquired intangibles amortization	15	22	22	32
Goodwill impairment charge	245	—	—	—
LLA impairment charge	231	—	—	22
Adjusted operating expense	$ 118	$ 137	$ 117	$ 137

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[1] See “Fiscal 2023 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment”.

Reconciliation of U.S. GAAP net income (loss) and U.S. GAAP basic earnings (loss) per share for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021 to adjusted net income (loss) and adjusted basic earnings (loss) per share is reflected in the table below:

For the Three Months Ended (in millions, except per share amounts)	February 28, 2023		February 28, 2022		February 28, 2021	
		Basic loss per share		Basic earnings per share		Basic earnings (loss) per share
Net income (loss)	$ (495)	$(0.85)	$ 144	$0.25	$ (315)	$(0.56)
Restructuring charges	7		—		—	
Stock compensation expense	10		5		17	
Debentures fair value adjustment	(26)		(165)		258	
Acquired intangibles amortization	15		22		32	
Goodwill impairment charge	245		—		—	
LLA impairment charge	231		—		22	
Adjusted net income (loss)	$ (13)	$(0.02)	$ 6	$0.01	$ 14	$0.02

Reconciliation of U.S. GAAP research and development, selling, marketing and administration, and amortization expense for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021 to adjusted research and development, selling, marketing and administration, and amortization expense is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Research and development	$ 48	$ 47	$ 48
Stock compensation expense	3	2	3
Adjusted research and development	$ 45	$ 45	$ 45
Selling, marketing and administration	$ 83	$ 64	$ 92
Restructuring charges	7	—	—
Stock compensation expense	6	2	13
Adjusted selling, marketing and administration	$ 70	$ 62	$ 79
Amortization	$ 18	$ 32	$ 45
Acquired intangibles amortization	15	22	32
Adjusted amortization	$ 3	$ 10	$ 13

Reconciliation of selected non-GAAP based measures with most directly comparable U.S. GAAP measures for the years ended February 28, 2023, February 28, 2022 and February 28, 2021

A reconciliation of the most directly comparable U.S. GAAP financial measures for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 to adjusted financial measures is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Gross margin	$ 419	$ 467	$ 643
Stock compensation expense	3	4	5
Adjusted gross margin	$ 422	$ 471	$ 648
Gross margin %	63.9 %	65.0 %	72.0 %
Stock compensation expense	0.4 %	0.6 %	0.6 %
Adjusted gross margin %	64.3 %	65.6 %	72.6 %
Operating expense	$ 1,144	$ 469	$ 1,750
Restructuring charges	11	—	2
Stock compensation expense	28	26	47
Debentures fair value adjustment [1]	(138)	(212)	372
Acquired intangibles amortization	82	115	129
Goodwill impairment charge	245	—	594
LLA impairment charge	235	—	43
Litigation settlement	165	—	—
Adjusted operating expense	$ 516	$ 540	$ 563

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[1] See “Fiscal 2023 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment”.

Reconciliation of U.S. GAAP net income (loss) and U.S. GAAP basic earnings (loss) per share for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 to the adjusted net income (loss) and adjusted basic earnings (loss) per share is reflected in the table below:

For the Fiscal Years Ended (in millions, except per share amounts)	February 28, 2023		February 28, 2022		February 28, 2021	
		Basic loss per share		**Basic earnings (loss) per share**		**Basic earnings (loss) per share**
Net income (loss)	$ (734)	$ (1.27)	$ 12	$ 0.02	$ (1,104)	$ (1.97)
Restructuring charges	11		—		2	
Stock compensation expense	31		30		52	
Debentures fair value adjustment	(138)		(212)		372	
Acquired intangibles amortization	82		115		129	
Goodwill impairment charge	245		—		594	
LLA impairment charge	235		—		43	
Litigation settlement	165		—		—	
Adjusted net income (loss)	$ (103)	$(0.18)	$ (55)	$(0.10)	$ 88	$0.16

Reconciliation of U.S GAAP research and development, selling, marketing and administration, and amortization expense for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 to adjusted research and development, selling, marketing and administration, and amortization expense is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Research and development	$ 207	$ 219	$ 215
Stock compensation expense	9	8	11
Adjusted research and development	$ 198	$ 211	$ 204
Selling, marketing and administration	$ 340	$ 297	$ 344
Restructuring charges	11	—	2
Stock compensation expense	19	18	36
Adjusted selling, marketing and administration	$ 310	$ 279	$ 306
Amortization	$ 96	$ 165	$ 182
Acquired intangibles amortization	82	115	129
Adjusted amortization	$ 14	$ 50	$ 53

Adjusted operating income (loss), adjusted EBITDA, adjusted operating income (loss) margin percentage and adjusted EBITDA margin percentage for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021 are reflected in the table below. These are non-GAAP financial measures and non-GAAP ratios that do not have any standardized meaning as prescribed by U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

For the Three Months Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Operating income (loss)	$ (499)	$ 146	$ (313)
Non-GAAP adjustments to operating income (loss)			
Restructuring charges	7	—	—
Stock compensation expense	10	5	17
Debentures fair value adjustment	(26)	(165)	258
Acquired intangibles amortization	15	22	32
Goodwill impairment charge	245	—	—
LLA impairment charge	231	—	22
Total non-GAAP adjustments to operating income (loss)	482	(138)	329
Adjusted operating income (loss)	(17)	8	16
Amortization	20	34	49
Acquired intangibles amortization	(15)	(22)	(32)
Adjusted EBITDA	$ (12)	$ 20	$ 33
Revenue	$ 151	$ 185	$ 210
Adjusted operating income (loss) margin % [(1)]	(11%)	4%	8%
Adjusted EBITDA margin % [(2)]	(8%)	11%	16%

(1) Adjusted operating income (loss) margin % is calculated by dividing adjusted operating income (loss) by revenue.
(2) Adjusted EBITDA margin % is calculated by dividing adjusted EBITDA by revenue.

Adjusted operating income (loss), adjusted EBITDA, adjusted operating income (loss) margin percentage and adjusted EBITDA margin percentage for the fiscal years ended February 28, 2023, February 28, 2022 and February 28, 2021 are reflected in the table below.

For the Fiscal Years Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Operating loss	$ (725)	$ (2)	$ (1,107)
Non-GAAP adjustments to operating loss			
Restructuring charges	11	—	2
Stock compensation expense	31	30	52
Debentures fair value adjustment	(138)	(212)	372
Acquired intangibles amortization	82	115	129
Goodwill impairment charge	245	—	594
LLA impairment charge	235	—	43
Litigation settlement	165	—	—
Total non-GAAP adjustments to operating loss	631	(67)	1,192
Adjusted operating income (loss)	(94)	(69)	85
Amortization	105	176	198
Acquired intangibles amortization	(82)	(115)	(129)
Adjusted EBITDA	$ (71)	$ (8)	$ 154
Revenue	$ 656	$ 718	$ 893
Adjusted operating income (loss) margin % [1]	(14%)	(10%)	10%
Adjusted EBITDA margin % [2]	(11%)	(1%)	17%

[1] Adjusted operating income (loss) margin % is calculated by dividing adjusted operating income (loss) by revenue.
[2] Adjusted EBITDA margin % is calculated by dividing adjusted EBITDA by revenue.

The Company uses free cash flow (usage) when assessing its sources of liquidity, capital resources, and quality of earnings. The Company believes that free cash flow (usage) is helpful in understanding the Company's capital requirements and provides an additional means to reflect the cash flow trends in the Company's business.

Reconciliation of U.S. GAAP net cash provided by (used in) operating activities for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021 to free cash flow (usage) is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Net cash provided by (used in) operating activities	$ (7)	$ 10	$ 51
Acquisition of property, plant and equipment	(2)	(2)	$ (3)
Free cash flow (usage)	$ (9)	$ 8	$ 48

Reconciliation of U.S. GAAP net cash provided by (used in) operating activities for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 to free cash flow (usage) is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2023	February 28, 2022	February 28, 2021
Net cash provided by (used in) operating activities	$ (263)	$ (28)	$ 82
Acquisition of property, plant and equipment	(7)	(8)	(8)
Free cash flow (usage)	$ (270)	$ (36)	$ 74

For the year ended February 28, 2023, free cash usage includes $165 million paid in relation to the Pearlstein settlement discussed above in "Business Overview - Pearlstein Settlement".

Key Metrics

The Company regularly monitors a number of financial and operating metrics, including the following key metrics, in order to measure the Company's current performance and estimated future performance. Readers are cautioned that annual recurring revenue ("ARR"), dollar-based net retention rate ("DBNRR"), Cybersecurity total contract value ("TCV") billings, recurring revenue percentage and QNX royalty backlog do not have any standardized meaning and are unlikely to be comparable to similarly titled measures reported by other companies.

Comparative breakdowns of certain key metrics for the three months ended February 28, 2023 and February 28, 2022 are set forth below.

For the Three Months Ended (in millions)	February 28, 2023	February 28, 2022	Change
Cybersecurity Annual Recurring Revenue	$ 298	$ 347	$ (49)
Cybersecurity Dollar-Based Net Retention Rate	81 %	91 %	(10%)
Cybersecurity Total Contract Value Billings	$ 107	$ 125	$ (18)
Recurring Software Product Revenue	~ 90%	~ 80 %	10%

Annual Recurring Revenue

The Company defines ARR as the annualized value of all subscription, term, maintenance, services, and royalty contracts that generate recurring revenue as of the end of the reporting period. The Company uses ARR as an indicator of business momentum for the Cybersecurity business.

Cybersecurity ARR was approximately $298 million in the fourth quarter of fiscal 2023 and decreased compared to $313 million in the third quarter of fiscal 2023 and decreased compared to $347 million in the fourth quarter of fiscal 2022 primarily due to customer churn in the BlackBerry Spark business.

The Company expects Cybersecurity ARR to return to sequential growth in the second half of fiscal 2024.

Dollar-Based Net Retention Rate

The Company calculates the DBNRR as of period end by first calculating the ARR from the customer base as at 12 months prior to the current period end ("Prior Period ARR"). The Company then calculates the ARR for the same cohort of customers as at the current period end ("Current Period ARR"). The Company then divides the Current Period ARR by the Prior Period ARR to calculate the DBNRR.

Cybersecurity DBNRR was 81% in the fourth quarter of fiscal 2023 and decreased compared to 84% in the third quarter of fiscal 2023 and compared to 91% in the fourth quarter of fiscal 2022 primarily due to customer churn in the BlackBerry Spark business.

TCV Billings

The Company defines TCV billings as amounts invoiced less credits issued. The Company considers TCV billings to be a useful metric because billings drive deferred revenue, which is an important indicator of the health and visibility of the business, and represents a significant percentage of future revenue.

Cybersecurity TCV billings was $107 million in the fourth quarter of fiscal 2023 and increased compared to $103 million in the third quarter of fiscal 2023 and decreased compared to $125 million in the fourth quarter of fiscal 2022 primarily due to elongated sales cycles in government causing some large deals to slip into later quarters.

The Company previously stated that it expected quarterly year-over-year Cybersecurity TCV billings growth throughout fiscal 2023 when compared to the same quarter in the prior year, with growth of between 8% to 12% in fiscal 2023 as a whole compared to fiscal 2022. In the fourth quarter of fiscal 2023, Cybersecurity TCV billings decreased compared to the fourth quarter of fiscal 2022 and Cybersecurity TCV billings decreased in fiscal 2023 as a whole compared to fiscal 2022, in each case primarily due to the reasons discussed in the paragraph immediately above.

The Company expects Cybersecurity TCV billings for fiscal 2024 to be in the range of $430 million to $480 million. The Company also expects Cybersecurity TCV billings to continue to exceed Cybersecurity revenue in fiscal 2024.

Recurring Software Product Revenue

The Company defines recurring software product revenue percentage as recurring software product revenue divided by total software and services revenue. Recurring software product revenue is comprised of subscription and term licenses, maintenance arrangements, royalty arrangements and perpetual licenses recognized ratably under ASC 606. Total software and services revenue is comprised of recurring product revenue, non-recurring product revenue and professional services. The Company uses recurring software product revenue percentage to provide visibility into the revenue expected to be recognized in the current and future periods.

Total Software and Services product revenue, excluding professional services, was approximately 90% recurring in the fourth quarter of fiscal 2023 and increased compared to approximately 80% recurring in the third quarter of fiscal 2023 and fourth quarter of fiscal 2022.

QNX Royalty Backlog

The Company defines the royalty backlog of its QNX business as estimated future revenue from variable forecasted royalties related to the QNX business. The estimation of forecasted royalties is based on QNX's royalty rates and on projections of anticipated volumes that are based on historical shipping experience and current customer projections that management believes are reasonable over the lifetime of a design. The QNX royalty backlog is calculated annually based on current projections of volumes and may not be indicative of actual future revenue. The revenue that the Company will recognize is subject to several factors, including actual volumes and potential terminations or modifications to customer contracts.

The Company's QNX royalty backlog was approximately $640 million at the end of the fourth quarter of fiscal 2023 and increased compared to approximately $560 million at the end of the first quarter of fiscal 2023.

Results of Operations - Fiscal year ended February 28, 2023 compared to fiscal year ended February 28, 2022

Revenue

Revenue by Segment

Comparative breakdowns of revenue by segment are set forth below.

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue by Segment					
Cybersecurity	$ 418	$ 477	$ (59)	$ 491	$ (14)
IoT	206	178	28	130	48
Licensing and Other	32	63	(31)	272	(209)
	$ 656	$ 718	$ (62)	$ 893	$ (175)
% Revenue by Segment					
Cybersecurity	63.7 %	66.4 %		55.0 %	
IoT	31.4 %	24.8 %		14.5 %	
Licensing and Other	4.9 %	8.8 %		30.5 %	
	100.0 %	100.0 %		100.0 %	

Cybersecurity

The decrease in Cybersecurity revenue of $59 million was primarily due to a decrease of $47 million relating to product revenue in BlackBerry Spark, a decrease of $12 million relating to professional services and a decrease of $3 million relating to non-automotive OEM business, partially offset by an increase of $6 million relating to product revenue in Secusmart.

The Company previously stated that it expected Cybersecurity revenue in fiscal 2023 to be broadly consistent with fiscal 2022. Cybersecurity revenue in fiscal 2023 decreased compared to fiscal 2022 due to both elongated sales cycles in government causing some large deals to slip into later quarters and customer churn in the BlackBerry Spark business.

The Company expects Cybersecurity revenue for the first quarter of fiscal 2024 to increase sequentially and be in the range of $100 million to $110 million. The Company expects Cybersecurity revenue for fiscal 2024 as a whole to be in the range of $425 million to $450 million.

The Company previously disclosed long-term Cybersecurity revenue targets in the first quarter of fiscal 2023. The Company expects to disclose updated long-term Cybersecurity revenue targets in the first quarter of fiscal 2024.

IoT

The increase in IoT revenue of $28 million was primarily due to an increase of $18 million in QNX development seat revenue and an increase of $15 million in BlackBerry QNX royalty revenue, partially offset by a decrease of $5 million relating to professional services.

The Company previously stated that it expected IoT revenue to be between $205 million and $210 million for fiscal 2023. IoT revenue was $206 million in fiscal 2023.

The Company expects IoT revenue to be in the range of $50 million to $53 million in the first quarter of fiscal 2024 and expects IoT revenue to be in the range of $240 million and $250 million for fiscal 2024 as a whole.

Licensing and Other

The decrease in Licensing and Other revenue of $31 million was primarily due to a decrease of $23 million in revenue from the Company's intellectual property licensing arrangements due to a proposed patent portfolio sale transaction with Catapult IP Innovations, Inc. (the "Catapult Sale Transaction") that was pending in the fourth quarter of fiscal 2023 and associated restrictions on monetization activity and a decrease of $7 million in SAF revenue.

The Company expects revenue from intellectual property licensing to be approximately $5 million per quarter in fiscal 2024, excluding the Malikie Transaction.

Revenue by Geography

Comparative breakdowns of the geographic regions are set forth in the following table:

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue by Geography					
North America	$ 350	$ 413	$ (63)	$ 633	$ (220)
Europe, Middle East and Africa	222	234	(12)	197	37
Other regions	84	71	13	63	8
	$ 656	$ 718	$ (62)	$ 893	$ (175)
% Revenue by Geography					
North America	53.4 %	57.5 %		70.9 %	
Europe, Middle East and Africa	33.8 %	32.6 %		22.1 %	
Other regions	12.8 %	9.9 %		7.0 %	
	100.0 %	100.0 %		100.0 %	

North America Revenue

The decrease in North America revenue of $63 million was primarily due to a decrease of $28 million in product revenue in BlackBerry Spark, a decrease of $23 million in Licensing and Other revenue due to the reasons discussed above in "Revenue by Segment" and a decrease of $17 million relating to professional services, partially offset by an increase of $7 million in BlackBerry QNX royalty revenue.

Europe, Middle East and Africa Revenue

The decrease in Europe, Middle East and Africa revenue of $12 million was primarily due to a decrease of $19 million in product revenue in BlackBerry Spark and a decrease of $3 million in SAF revenue, partially offset by an increase of $6 million relating to product revenue in Secusmart and an increase of $5 million in BlackBerry QNX development seat revenue.

Other Regions Revenue

The increase in Other regions revenue of $13 million was primarily due to an increase of $8 million in BlackBerry QNX development seat revenue and an increase of $6 million in BlackBerry QNX royalty revenue, partially offset by a decrease of $2 million in SAF revenue.

Gross Margin

Consolidated Gross Margin

Consolidated gross margin decreased by $48 million to approximately $419 million in fiscal 2023 (fiscal 2022 - $467 million). The decrease was primarily due to a decrease in revenue from BlackBerry Spark and Licensing and Other, partially offset by an increase in revenue from BlackBerry QNX and Secusmart due to the reasons discussed above in “Revenue by Segment”, as much of the Company’s cost of sales does not significantly fluctuate based on business volume.

Consolidated Gross Margin Percentage

Consolidated gross margin percentage decreased by 1.1%, to approximately 63.9% of consolidated revenue in fiscal 2023 (fiscal 2022 - 65.0%). The decrease was primarily due to lower gross margin percentage in Spark and Licensing and Other due to the reasons discussed above in “Revenue by Segment” as the cost of sales for these units is relatively fixed, partially offset by a change in mix, specifically higher contribution from BlackBerry QNX and Secusmart due to the reasons discussed above in “Revenue by Segment”.

Gross Margin by Segment

See “Business Overview” and “Fiscal 2023 Summary Results of Operations” for information about the Company’s operating segments and the basis of operating segment results.

	For the Years Ended (in millions)											
	Cybersecurity			IoT			Licensing and Other			Segment Totals		
	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change
Segment revenue	$ 418	$ 477	$(59)	$ 206	$ 178	$ 28	$ 32	$ 63	$(31)	$ 656	$ 718	$(62)
Segment cost of sales	185	194	(9)	37	30	7	12	23	(11)	234	247	(13)
Segment gross margin	$ 233	$ 283	$(50)	$ 169	$ 148	$ 21	$ 20	$ 40	$(20)	$ 422	$ 471	$(49)
Segment gross margin %	56%	59%	(3%)	82%	83%	(1%)	63%	63%	—%	64%	66%	(2%)

Cybersecurity

The decrease in Cybersecurity gross margin of $50 million was primarily due to the reasons discussed above in “Revenue by Segment”, as the cost of sales for most Cybersecurity products does not significantly fluctuate based on business volume, and to an increase in infrastructure costs allocated due to the Company no longer supporting or maintaining legacy device operating systems that previously were included under Licensing and Other for SAF.

The decrease in Cybersecurity gross margin percentage of 3% was primarily due to an increase in infrastructure costs allocated, partially offset by a higher gross margin percentage on professional services revenue in Secusmart.

IoT

The increase in IoT gross margin of $21 million was primarily due to the reasons discussed above in “Revenue by Segment”, partially offset by an increase in salaries expense.

The decrease in IoT gross margin percentage of 1% was primarily due to an increase in salaries expense within cost of goods sold.

Licensing and Other

The decrease in Licensing and Other gross margin of $20 million was primarily due to the reasons discussed above in “Revenue by Segment”, partially offset by a decrease in infrastructure costs due to the Company no longer supporting or maintaining legacy device operating systems.

Licensing and Other gross margin percentage was consistent with fiscal 2023.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expense for fiscal 2023 compared to fiscal 2022 and fiscal 2022 compared to fiscal 2021. The Company believes it is meaningful to provide a sequential comparison between fiscal 2023 and fiscal 2022.

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue	$ 656	$ 718	$ (62)	$ 893	$ (175)
Operating expenses					
Research and development	207	219	(12)	215	4
Selling, marketing and administration	340	297	43	344	(47)
Amortization	96	165	(69)	182	(17)
Impairment of goodwill	245	—	245	594	(594)
Impairment of long-lived assets	235	—	235	43	(43)
Gain on sale of property, plant and equipment, net	(6)	—	(6)	—	—
Debentures fair value adjustment	(138)	(212)	74	372	(584)
Litigation settlement	165	—	165	—	—
Total	$ 1,144	$ 469	$ 675	$ 1,750	$ (1,281)

Operating Expense as % of Revenue			
Research and development	31.6%	30.5%	24.1%
Selling, marketing and administration	51.8%	41.4%	38.5%
Amortization	14.6%	23.0%	20.4%
Impairment of goodwill	37.3%	—%	66.5%
Impairment of long-lived assets	35.8%	—%	4.8%
Gain on sale of property, plant and equipment, net	(0.9%)	—%	—%
Debentures fair value adjustment	(21.0%)	(29.5%)	41.7%
Litigation settlement	25.2%	—%	—%
Total	174.4%	65.3%	196.0%

See "Non-GAAP Financial Measures" for a reconciliation of selected U.S. GAAP-based measures to adjusted measures for the years ended February 28, 2023, February 28, 2022 and February 28, 2021.

U.S. GAAP Operating Expenses

Operating expenses increased by $675 million, or 143.9% in fiscal 2023 compared to fiscal 2022. The increase was primarily due to the Fiscal 2023 Goodwill Impairment Charge of $245 million, the Fiscal 2023 LLA Impairment Charge of $235 million, a $165 million litigation settlement, the difference between the Fiscal 2023 Debentures Fair Value Adjustment and the fair value adjustment related to the Debentures incurred in fiscal 2022 of $74 million, a decrease in benefits of $43 million in government subsidies resulting from claims filed for the Canada Emergency Wage Subsidy and Hardest-Hit Business Recovery Program programs ("COVID-19 subsidies") to support the business through the COVID-19 pandemic, and an increase of $11 million in restructuring costs, partially offset by a decrease of $69 million in amortization expense, a decrease of $21 million in salaries and benefits expenses and a decrease of $7 million in sales incentive plan costs.

Adjusted Operating Expenses

Adjusted operating expenses decreased by $24 million, or 4.4%, to $516 million in fiscal 2023, compared to $540 million in fiscal 2022. The decrease was primarily attributable to a decrease of $36 million in amortization expense, a decrease of $21 million in salaries and benefits expenses, a decrease of $7 million in sales incentive plan costs and a $6 million gain on sale of property, partially offset by a decrease in benefits of $43 million in COVID-19 subsidies and an increase of $5 million in bad debt expense.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits for technical personnel, new product development costs, travel, office and building costs, infrastructure costs and other employee costs.

Research and development expenses decreased by $12 million, or 5.5% in fiscal 2023 compared to fiscal 2022. The decrease was primarily attributable to a decrease of $8 million in salaries and benefits expenses and a decrease of $5 million in consulting costs, partially offset by a decrease in benefits of $2 million in claims filed with the Ministry of Innovation, Science and Economic Development Canada relating to its Strategic Innovation Fund program's investment in BlackBerry QNX ("SIF").

Adjusted research and development expenses decreased by $13 million, or 6.2% to $198 million in fiscal 2023 (fiscal 2022 - $211 million). The decrease was primarily due to the same reasons described above on a U.S. GAAP basis.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses increased by $43 million, or 14.5% in fiscal 2023 compared to fiscal 2022. The increase was primarily due to a decrease in benefits of $43 million in COVID-19 subsidies, an increase of $11 million in restructuring costs, an increase of $5 million in bad debt expense and an increase of $3 million in travel expenses, partially offset by a decrease of $13 million in salaries and benefits expenses and a decrease of $8 million in sales incentive plan costs.

Adjusted selling, marketing and administration expenses increased by $31 million, or 11.1%, to $310 million in fiscal 2023 compared to $279 million in fiscal 2022. The increase was primarily due to the same reasons above, excluding the increase in restructuring costs.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales for fiscal 2023 compared to fiscal 2022 and fiscal 2022 compared to fiscal 2021. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Years Ended *(in millions)*				
	Included in Operating Expense				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Property, plant and equipment	$ 9	$ 12	$ (3)	$ 17	$ (5)
Intangible assets	87	153	(66)	165	(12)
Total	$ 96	$ 165	$ (69)	$ 182	$ (17)

	Included in Cost of Sales				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Property, plant and equipment	$ 3	$ 3	$ —	$ 4	$ (1)
Intangible assets	6	8	(2)	12	(4)
Total	$ 9	$ 11	$ (2)	$ 16	$ (5)

Amortization included in Operating Expense

The decrease in amortization expense included in operating expense of $69 million was due to a decrease in intellectual property held and used related to the previously pending Catapult Sale Transaction and due to the lower cost base of assets.

Adjusted amortization expense decreased by $36 million to $14 million in fiscal 2023 compared to $50 million in fiscal 2022 due to the reasons described above on a U.S. GAAP basis.

Amortization included in Cost of Sales

The decrease in amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's service operations of $2 million was due to the lower cost base of assets.

Investment Income, Net

Investment income, net, which includes the interest expense from the Debentures, decreased by $16 million to investment income, net of $5 million in fiscal 2023 compared to investment income, net of $21 million in fiscal 2022. The decrease in investment income, net was primarily due to gains recognized from a return of capital from a non-marketable equity investment in fiscal 2022 and lower average cash and investment balances, partially offset by a higher yield on cash and investments in fiscal 2023.

Income Taxes

For fiscal 2023, the Company's net effective income tax expense rate was approximately 2% (fiscal 2022 - net effective income tax expense of approximately 37%). The Company's net effective income tax rate reflects the change in unrecognized income tax benefits, if any, and the fact that the Company has a significant valuation allowance against its deferred tax assets, and in particular, the change in fair value of the 1.75% Debentures, amongst other items, was offset by a corresponding adjustment of the valuation allowance. The Company's net effective income tax rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Income (Loss)

The Company's net loss for fiscal 2023 was $734 million, or $1.27 basic loss per share and $1.35 diluted loss per share on a U.S. GAAP basis (fiscal 2022 - net income of $12 million, or $0.02 basic earnings per share and $0.31 diluted loss per share). The increase in net loss of $746 million was primarily due to an increase in operating expenses, as described above in "Operating Expenses", a decrease in revenue as described above in "Revenue by Segment" and a decrease in gross margin percentage, as described above in "Consolidated Gross Margin Percentage".

Adjusted net loss for fiscal 2023 was $103 million (fiscal 2022 - adjusted net loss of $55 million). The increase in adjusted net loss of $48 million was primarily due to a decrease in revenue as described above in "Revenue by Segment" and a decrease in gross margin percentage, as described above in "Consolidated Gross Margin Percentage", partially offset by a decrease in operating expenses as described above in "Operating Expenses".

The weighted average number of shares outstanding was 579 million common shares for basic loss per share and 639 million common shares for diluted loss per share for the fiscal year ended February 28, 2023. The weighted average number of shares outstanding was 571 million common shares for basic earnings per share and 631 million common shares for diluted loss per share for the fiscal year ended February 28, 2022.

Common Shares Outstanding

On March 28, 2023, there were 582 million voting common shares, options to purchase 0.5 million voting common shares, 20 million restricted share units and 2 million deferred share units outstanding. In addition, 60.8 million common shares are issuable upon conversion in full of the 1.75% Debentures, as described in Note 6 to the Consolidated Financial Statements.

The Company has not paid any cash dividends during the last three fiscal years.

Results of Operations - Three months ended February 28, 2023 compared to the three months ended February 28, 2022

The following section sets forth certain unaudited consolidated statements of operations data, which is expressed in millions of dollars, except for share and per share amounts and as a percentage of revenue, for the three months ended February 28, 2023, February 28, 2022 and February 28, 2021:

	For the Three Months Ended *(in millions, except for share and per share amounts)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue	$ 151	$ 185	$ (34)	$ 210	$ (25)
Gross margin	100	124	(24)	152	(28)
Operating expenses	599	(22)	621	465	(487)
Investment income (loss), net	6	(1)	7	—	(1)
Income (loss) before income taxes	(493)	145	(638)	(313)	458
Provision for income taxes	2	1	1	2	(1)
Net income (loss)	$ (495)	$ 144	$ (639)	$ (315)	$ 459
Earnings (loss) per share - reported					
Basic	$ (0.85)	$ 0.25	$ (1.10)	$ (0.56)	$ 0.81
Diluted [(1)]	$ (0.85)	$ (0.03)	$ (0.82)	$ (0.56)	$ 0.53
Weighted-average number of shares outstanding (000's)					
Basic	581,493	575,883		566,089	
Diluted [(1)]	581,493	636,716		566,089	

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(1) Diluted loss per share on a U.S. GAAP basis in the fourth quarter of 2023 and 2021 do not include the dilutive effect of the Debentures as to do so would be anti-dilutive. Diluted loss per share on a U.S. GAAP basis in the fourth quarter of 2023, 2022 and 2021 do not include the dilutive effect of stock-based compensation as to do so would be anti-dilutive.

Revenue

Revenue by Segment

Comparative breakdowns of revenue by product and service on a U.S. GAAP basis are set forth below.

	For the Three Months Ended (in millions)				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue by Segment					
Cybersecurity	$ 88	$ 122	$ (34)	$ 122	$ —
IoT	53	52	1	38	14
Licensing and Other	10	11	(1)	50	(39)
	$ 151	$ 185	$ (34)	$ 210	$ (25)
% Revenue by Segment					
Cybersecurity	58.3 %	65.9 %		58.1 %	
IoT	35.1 %	28.1 %		18.1 %	
Licensing and Other	6.6 %	6.0 %		23.8 %	
	100.0 %	100.0 %		100.0 %	

Cybersecurity

The decrease in Cybersecurity of $34 million was primarily due to a decrease of $19 million relating to product revenue in Secusmart, a decrease of $13 million relating to product revenue in BlackBerry Spark and a decrease of $4 million relating to professional services.

IoT

The increase in IoT revenue of $1 million was primarily due to an increase of $6 million in BlackBerry QNX royalty revenue and an increase of $2 million in Blackberry QNX development seat revenue, partially offset by a decrease of $6 million relating to professional services.

Licensing and Other

The decrease in Licensing and Other revenue of $1 million was primarily due to a decrease of $1 million in SAF revenue.

U.S. GAAP Revenue by Geography

Comparative breakdowns of the geographic regions on a U.S. GAAP basis are set forth in the following table:

	For the Three Months Ended (in millions)				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Revenue by Geography					
North America	$ 84	$ 100	$ (16)	$ 141	$ (41)
Europe, Middle East and Africa	46	66	(20)	53	13
Other regions	21	19	2	16	3
	$ 151	$ 185	$ (34)	$ 210	$ (25)
% Revenue by Geography					
North America	55.6 %	54.0 %		67.1 %	
Europe, Middle East and Africa	30.5 %	35.7 %		25.2 %	
Other regions	13.9 %	10.3 %		7.7 %	
	100.0 %	100.0 %		100.0 %	

North America Revenue

The decrease in North America revenue of $16 million was primarily due to a decrease of $8 million relating to professional services and a decrease of $8 million in product revenue in BlackBerry Spark, partially offset by an increase of $2 million in BlackBerry QNX development seats revenue.

Europe, Middle East and Africa Revenue

The decrease in Europe, Middle East and Africa revenue of $20 million was primarily due to a decrease of $17 million relating to product revenue in Secusmart, a decrease of $4 million in product revenue in BlackBerry Spark and a decrease of $2 million relating to professional services, partially offset by an increase of $1 million in BlackBerry QNX royalty revenue.

Other Regions Revenue

The increase in Other regions revenue of $2 million was primarily due to an increase of $4 million in BlackBerry QNX development seat revenue, partially offset by a decrease of $1 million in product revenue in BlackBerry Spark.

Gross Margin

Consolidated Gross Margin

Consolidated gross margin decreased by $24 million to approximately $100 million in the fourth quarter of fiscal 2023 (fourth quarter of fiscal 2022 - $124 million). The decrease was primarily due to a decrease in revenue from BlackBerry Spark and Secusmart due to the reasons discussed above in “Revenue by Segment” as much of the Company’s cost of sales does not significantly fluctuate based on business volume.

Consolidated Gross Margin Percentage

Consolidated gross margin percentage decreased by 0.8%, to approximately 66.2% of consolidated revenue in the fourth quarter of fiscal 2023 (fourth quarter of fiscal 2022 - 67.0%). The decrease was primarily due to a lower gross margin percentage in IoT and BlackBerry Spark due to the reasons discussed below in “Gross Margin by Segment”, partially offset by a change in mix, specifically higher contribution from BlackBerry QNX.

Gross Margin by Segment

See “Business Overview - Segment Reporting” and “Fiscal 2023 Summary Results of Operations” for information about the Company’s operating segments and the basis of operating segment results.

	For the Three Months Ended *(in millions)*											
	Cybersecurity			IoT			Licensing and Other			Segment Totals		
	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change	February 28, 2023	February 28, 2022	Change
Segment revenue	$ 88	$ 122	$(34)	$ 53	$ 52	$ 1	$ 10	$ 11	$ (1)	$ 151	$ 185	$(34)
Segment cost of sales	36	47	(11)	10	8	2	4	5	(1)	50	60	(10)
Segment gross margin	$ 52	$ 75	$(23)	$ 43	$ 44	$ (1)	$ 6	$ 6	$ —	$ 101	$ 125	$(24)
Segment gross margin %	59%	61%	(2%)	81%	85%	(4%)	60%	55%	5%	67%	68%	(1%)

Cybersecurity

The decrease in Cybersecurity gross margin of $23 million was primarily due to the reasons discussed above in “Revenue by Segment”, as the cost of sales for most Cybersecurity products does not significantly fluctuate based on business volume, and an increase in infrastructure costs allocated due to the Company no longer supporting or maintaining legacy device operating systems.

The decrease in Cybersecurity gross margin percentage of 2% was primarily due to an increase in infrastructure costs allocated.

IoT

The decrease in IoT gross margin of $1 million was primarily due to the reasons discussed above in “Revenue by Segment”, partially offset by an increase in variable incentive plan costs.

The decrease in IoT gross margin percentage of 4% was primarily due to an increase in variable incentive plan costs.

Licensing and Other

Licensing and Other gross margin of $6 million was consistent with the fourth quarter of fiscal 2022. The decrease in revenue discussed above in "Revenue by Segment" was offset by a decrease in infrastructure costs due to the Company no longer supporting or maintaining legacy device operating systems.

The increase in Licensing and Other gross margin percentage of 5% was primarily due to a decrease in infrastructure costs due to the Company no longer supporting or maintaining legacy device operating systems.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 28, 2023, compared to the quarter ended November 30, 2022 and the quarter ended February 28, 2022.

	For the Three Months Ended *(in millions)*			
	February 28, 2023	November 30, 2022	February 28, 2022	February 28, 2021
Revenue	$ 151	$ 169	$ 185	$ 210
Operating expenses				
Research and development	48	52	47	48
Selling, marketing and administration	83	89	64	92
Amortization	18	26	32	45
Impairment of long-lived assets	231	—	—	22
Impairment of goodwill	245	—	—	—
Debentures fair value adjustment	(26)	(56)	(165)	258
Total	$ 599	$ 111	$ (22)	$ 465
Operating Expense as % of Revenue				
Research and development	31.8%	30.8%	25.4%	22.9%
Selling, marketing and administration	55.0%	52.7%	34.6%	43.8%
Amortization	11.9%	15.4%	17.3%	21.4%
Impairment of long-lived assets	153.0%	—%	—%	10.5%
Impairment of goodwill	162.3%	—%	—%	—%
Debentures fair value adjustment	(17.2%)	(33.1%)	(89.2%)	122.9%
Total	396.7%	65.7%	(11.9%)	221.4%

See "Non-GAAP Financial Measures" for a reconciliation of selected U.S. GAAP-based measures to adjusted measures for the three months ended February 28, 2023, November 30, 2022, February 28, 2022 and February 28, 2021.

U.S. GAAP Operating Expenses

Operating expenses increased by $488 million, or 439.6% in the fourth quarter of fiscal 2023, compared to $111 million in the third quarter of fiscal 2023 primarily due to the Fiscal 2023 Goodwill Impairment Charge of $245 million, impairment of long-lived assets of $231 million, the difference between the Q4 Fiscal 2023 Debentures Fair Value Adjustment and the fair value adjustment related to the Debentures incurred in the third quarter of fiscal 2023 of $30 million, an increase of $7 million in restructuring costs and an increase of $3 million in marketing and advertising costs, partially offset by a decrease of $17 million in variable incentive plan costs, a decrease of $8 million in amortization expense and a decrease of $2 million in patent abandonment costs.

Operating expenses increased by $621 million, or 2,822.73% in the fourth quarter of fiscal 2023, compared to $(22) million in the fourth quarter of fiscal 2022. The increase was primarily attributable to the Fiscal 2023 Goodwill Impairment Charge of $245 million, impairment of long-lived assets of $231 million, the difference between the Q4 Fiscal 2023 Debentures Fair Value Adjustment and the fair value adjustment related to the Debentures incurred in the fourth quarter of fiscal 2022 of $139 million, a decrease in benefits of $14 million in COVID-19 subsidies, an increase of $7 million in restructuring costs and an increase of $5 million in stock compensation expense, partially offset by a decrease of $14 million in amortization expense and a decrease of $4 million in variable incentive plan costs.

Adjusted Operating Expenses

Adjusted operating expenses decreased by $19 million, or 13.9%, to $118 million in the fourth quarter of fiscal 2023 compared to $137 million in the third quarter of fiscal 2023. The decrease was primarily to a decrease of $17 million in variable incentive plan costs and a decrease of $1 million in foreign exchange losses, partially offset by an increase of $3 million in marketing and advertising costs.

Adjusted operating expenses increased by $1 million, or 0.9%, to $118 million in the fourth quarter of fiscal 2023, compared to $117 million in the fourth quarter of fiscal 2022. The increase was primarily attributable to a decrease in benefits of $14 million in COVID-19 subsidies and an increase of $3 million in marketing and advertising costs, partially offset by a decrease of $7 million in amortization expense, a decrease of $4 million in variable incentive plan costs and a decrease of $3 million in salaries and benefits expenses.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits costs for technical personnel, new product development costs, travel expenses, office and building costs, infrastructure costs and other employee costs.

Research and development expenses increased by $1 million, or 2.1%, to $48 million in the fourth quarter of fiscal 2023 compared to $47 million in the fourth quarter of fiscal 2022, primarily due to an increase of $1 million in variable incentive plan costs.

Adjusted research and development expenses were $45 million in the fourth quarter of fiscal 2023, consistent with $45 million in the fourth quarter of fiscal 2022.

Selling, Marketing and Administration Expenses

Selling, marketing and administration expenses consist primarily of marketing, advertising and promotion, salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs and travel expenses.

Selling, marketing and administration expenses increased by $19 million, or 29.7%, to $83 million in the fourth quarter of fiscal 2023 compared to $64 million in the fourth quarter of fiscal 2022, primarily due to a decrease in benefits of $14 million in COVID-19 subsidies, an increase of $7 million in restructuring costs and an increase of $4 million stock compensation costs, partially offset by a decrease of $5 million in variable incentive plan costs.

Adjusted selling, marketing and administration expenses increased by $8 million, or 12.9%, to $70 million in the fourth quarter of fiscal 2023 compared to $62 million in the fourth quarter of fiscal 2022. The increase was primarily due to a decrease in benefits of $14 million in COVID-19 subsidies, an increase of $3 million in marketing and advertising costs, partially offset by a decrease of $5 million in variable incentive plan costs and a decrease of $2 million in sales incentive plan costs.

Amortization Expense

The table below presents a comparison of amortization expense relating to property, plant and equipment and intangible assets recorded as amortization or cost of sales for the quarter ended February 28, 2023 compared to the quarter ended February 28, 2022 and for the quarter ended February 28, 2022 compared to the quarter ended February 28, 2021. Intangible assets are comprised of patents, licenses and acquired technology.

For the Three Months Ended
(in millions)

	Included in Operating Expense				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Property, plant and equipment	$ 2	$ 2	$ —	$ 4	$ (2)
Intangible assets	16	30	(14)	41	(11)
Total	$ 18	$ 32	$ (14)	$ 45	$ (13)

	Included in Cost of Sales				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Property, plant and equipment	$ 1	$ 1	$ —	$ 1	$ —
Intangible assets	1	1	—	3	(2)
Total	$ 2	$ 2	$ —	$ 4	$ (2)

Amortization included in Operating Expense

The decrease in amortization expense included in operating expense of $14 million was due to a decrease in intellectual property held and used related to the previously pending Catapult Sale Transaction and due to the lower cost base of assets.

Adjusted amortization expense decreased by $7 million to $3 million in the fourth quarter of fiscal 2023 compared to $10 million in the fourth quarter of fiscal 2022 due to the reasons described above on a U.S. GAAP basis.

Amortization included in Cost of Sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company's service operations of $2 million was consistent with the fourth quarter of fiscal 2023.

Investment Income (Loss), Net

Investment income, net, which includes the interest expense from the 1.75% Debentures, increased by $7 million to investment income, net of $6 million in the fourth quarter of fiscal 2023 compared to investment loss, net of $1 million in the fourth quarter of fiscal 2022. The increase in investment income, net is primarily due to observable price changes on non-marketable equity investments without readily determinable fair value and a higher yield on cash and investments, partially offset by lower cash and investment balances.

Income Taxes

For the fourth quarter of fiscal 2023, the Company's net effective income tax expense rate was approximately 0% (fourth quarter of fiscal 2022 - net effective income tax expense rate of approximately 1%). The Company's net effective income tax rate reflects the change in unrecognized income tax benefits, if any, and the fact that the Company has a significant valuation allowance against its deferred tax assets, and in particular, the change in fair value of the Debentures, amongst other items, was offset by a corresponding adjustment of the valuation allowance. The Company's net effective income tax rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Income (Loss)

The Company's net loss for the fourth quarter of fiscal 2023 was $495 million, or $0.85 basic and diluted loss per share on a U.S. GAAP basis (fourth quarter of fiscal 2022 - net income of $144 million, or $0.25 basic earnings per share and $0.03 diluted loss per share). The decrease in net income of $639 million was primarily due to an increase in operating expenses, as described above in "Operating Expenses", a decrease in revenue as described above in "Revenue by Segment" and a decrease in gross margin percentage as described above in "Consolidated Gross Margin Percentage".

Adjusted net loss was $13 million in the fourth quarter of fiscal 2023 (fourth quarter of fiscal 2022 - adjusted net income of $6 million). The decrease in adjusted net income of $19 million was primarily due to a decrease in revenue as described above in "Revenue by Segment", a decrease in gross margin percentage, as described above in "Consolidated Gross Margin Percentage" and an increase in operating expenses, as described above in "Operating Expenses".

The weighted average number of shares outstanding was 581 million common shares for basic and diluted loss per share for the fourth quarter of fiscal 2023. The weighted average number of shares outstanding was 576 million common shares for basic earnings per share and 637 million common shares for diluted loss per share for the fourth quarter of fiscal 2022.

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments decreased by $283 million to $487 million as at February 28, 2023 from $770 million as at February 28, 2022, primarily as a result of the U.S. securities class actions settlement discussed in "Business Overview - Pearlstein Settlement" and changes in working capital, excluding the amounts payable in respect of the 1.75% Debentures. The majority of the Company's cash, cash equivalents, and investments are denominated in U.S. dollars as at February 28, 2023.

A comparative summary of cash, cash equivalents, and investments is set out below:

	As at *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Cash and cash equivalents	$ 295	$ 378	$ (83)	$ 214	$ 164
Restricted cash equivalents and restricted short-term investments	27	28	(1)	28	—
Short-term investments	131	334	(203)	525	(191)
Long-term investments	34	30	4	37	(7)
Cash, cash equivalents, and investments	$ 487	$ 770	$ (283)	$ 804	$ (34)

The table below summarizes the current assets, current liabilities, and working capital of the Company:

	As at *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Current assets	$ 743	$ 1,043	$ (300)	$ 1,006	$ 37
Current liabilities	729	397	332	429	(32)
Working capital	$ 14	$ 646	$ (632)	$ 577	$ 69

Current Assets

The decrease in current assets of $300 million at the end of fiscal 2023 from the end of fiscal 2022 was primarily due to decreases in short term investments of $203 million, a decrease in cash and cash equivalents of $83 million, a decrease in accounts receivable, net of allowance of $18 million, a decrease of $13 million in other receivables and a decrease income taxes receivable of $6 million, partially offset by an increase in other current assets of $23 million.

At February 28, 2023, accounts receivable, net of allowance was $120 million, a decrease of $18 million from February 28, 2022. The decrease was primarily due to lower revenue recognized over the three months ended February 28, 2023 compared to the three months ended February 28, 2022, offset by an increase in days sales outstanding to 75 days at the end of the fourth quarter of fiscal 2023 from 67 days at the end of the fourth quarter of fiscal 2022.

At February 28, 2023, other receivables was $12 million, a decrease of $13 million from February 28, 2022. The decrease was primarily due to a decrease of $8 million relating to COVID-19 subsidies and a decrease of $6 million in in intellectual property licensing receivable.

At February 28, 2023, income taxes receivable was $3 million, a decrease of $6 million from February 28, 2022. The decrease was primarily due to tax refunds received.

At February 28, 2023, other current assets was $182 million, an increase of $23 million from February 28, 2022. The increase is primarily due to maintenance payments on intellectual property relating to the previously pending Catapult Sale Transaction of $23 million.

Current Liabilities

The increase in current liabilities of $332 million at the end of fiscal 2023 from the end of fiscal 2022 was primarily due to an increase in the amounts payable in respect of the 1.75% Debentures of $367 million, an increase in income taxes payable of $9

million and an increase in accounts payable of $2 million, partially offset by a decrease in deferred revenue, current of $32 million and a decrease in accrued liabilities of $14 million.

Accrued liabilities was $143 million, reflecting a decrease of $14 million compared to February 28, 2022, which was primarily attributable to a decrease of $4 million in operating lease liability, current, a decrease of $3 million in audit fee accrual, a decrease of $3 million in the Company's deferred share unit liability and a decrease of $2 million in the liability associated with the CEO contingent cash award.

Deferred revenue, current was $175 million, which reflects a decrease of $32 million compared to February 28, 2022 that was attributable to a $34 million decrease in deferred revenue, current related to BlackBerry Spark, partially offset by a $5 million increase in deferred revenue, current related to BlackBerry QNX.

Income taxes payable was $20 million, reflecting an increase of $9 million compared to February 28, 2022, which was primarily due to income earned in taxable jurisdictions.

As at February 28, 2023, accounts payable were $24 million, reflecting an increase of $2 million from February 28, 2022, which was primarily due to timing of payments of accounts payable.

Cash flows for the fiscal year ended February 28, 2023 compared to the fiscal year ended February 28, 2022 were as follows:

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2023	February 28, 2022	Change	February 28, 2021	Change
Net cash flows provided by (used in):					
Operating activities	$ (263)	$ (28)	$ (235)	$ 82	$ (110)
Investing activities	176	207	(31)	(65)	272
Financing activities	6	10	(4)	(227)	237
Effect of foreign exchange gain (loss) on cash and cash equivalents	(3)	(1)	(2)	2	(3)
Net increase (decrease) in cash and cash equivalents	$ (84)	$ 188	$ (272)	$ (208)	$ 396

Operating Activities

The increase in net cash flows used in operating activities of $235 million primarily reflects the net changes in working capital and includes the payment of the $165 million U.S. securities class actions settlement.

Investing Activities

During the fiscal year ended February 28, 2023, cash flows provided by investing activities were $176 million and included cash provided by transactions involving the acquisitions of restricted short-term, short-term and long-term investments, net of the proceeds on sale or maturity in the amount of $200 million and proceeds on sale of property, plant and equipment of $17 million, partially offset by intangible asset additions of $34 million, and acquisitions of property, plant and equipment of $7 million. During fiscal 2022, cash flows provided by investing activities were $207 million and included cash flows used in transactions involving the acquisitions of short-term and long-term investments, net of the proceeds on sale or maturity in the amount of $211 million and a distribution from a non-marketable equity investment without readily determinable fair value in the amount of $35 million, partially offset by intangible asset additions of $31 million, and acquisitions of property, plant and equipment of $8 million.

Financing Activities

The decrease in cash flows provided by financing activities was $4 million for fiscal 2023 due to a decrease in common shares issued upon the exercise of stock options.

Debenture Financing and Other Funding Sources

See Note 6 to the Consolidated Financial Statements for a description of the Debentures.

The Company has $25 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See Note 3 to the Consolidated Financial Statements for further information concerning the Company's restricted cash and restricted short-term investments.

Cash, cash equivalents, and investments were approximately $487 million as at February 28, 2023. The Company's management remains focused on maintaining appropriate cash balances, efficiently managing working capital balances and managing the liquidity needs of the business. The Company has experienced recent operating losses and the 1.75% Debentures will mature on November 13, 2023 as described in Note 6, but the Company maintains positive working capital, has the ability and intent to access other potential financing arrangements on commercially reasonable terms, and has entered into the patent sale transaction. Taking these factors into account and based on its current financial projections, the Company believes its financial resources, together with expected future operating cash generating and operating expense reduction activities, should be sufficient to meet funding requirements for current financial commitments and future operating expenditures not yet committed, and should provide the necessary financial capacity for the foreseeable future.

Contractual and Other Obligations

The following table sets out aggregate information about the Company's contractual and other obligations and the periods in which payments are due as at February 28, 2023:

	(in millions)		
	Total	Short-term (next 12 months)	Long-term (>12 months)
Operating lease obligations	$ 82	$ 26	$ 56
Purchase obligations and commitments	103	103	—
Debt interest and principal payments	371	371	—
Total	$ 556	$ 500	$ 56

Contractual and other obligations amounted to approximately $556 million as at February 28, 2023, including future principal and interest payments of $371 million on the 1.75% Debentures and operating lease obligations of $82 million. The remaining balance consists of purchase orders for goods and services utilized in the operations of the Company. Total aggregate contractual obligations as at February 28, 2023 decreased by approximately $47 million as compared to the February 28, 2022 balance of approximately $603 million, which was attributable to decreases in purchase obligations and commitments and in operating lease obligations.

The Company does not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or under applicable Canadian securities laws.

Accounting Policies and Critical Accounting Estimates

Accounting Policies

See Note 1 to the Consolidated Financial Statements for a description of the Company's significant accounting policies.

See Note 2 to the Consolidated Financial Statements for a description of accounting policies adopted by the Company in fiscal 2023.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to revenue-related estimates including variable consideration, standalone selling price ("SSP"), estimated customer life, if control of licenses to intellectual property has transferred, right of return and customer incentive commitments, fair value of reporting units in relation to actual or potential goodwill impairment, fair value of the Debentures, fair value of share-based liability awards, fair value of long-lived assets in relation to actual or potential impairment, the Company's long-lived asset groupings, estimated useful lives of property, plant and equipment and intangible assets, provision (or recovery) of income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for credit losses, incremental borrowing rates in determining the present value of lease liabilities and the determination of reserves for various litigation claims. Actual results could differ from these estimates, which were based upon circumstances that existed as of the date of the consolidated financial statements, February 28, 2023.

The Company's critical accounting estimates have been reviewed and discussed with the Company's Audit & Risk Management Committee and are set out below. Except as noted, there have not been any changes to the critical accounting estimates made by the Company, during the past three fiscal years.

Valuation of Long-Lived Assets

The LLA impairment test prescribed by U.S. GAAP requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying value of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

The Company's determination of its asset groups, its primary asset and its remaining useful life, and estimated cash flows are significant factors in assessing the recoverability of the Company's assets for the purposes of LLA impairment testing. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, changes in the Company's forecasts or market expectations relating to future results, and the Company's strategic initiatives and the market's assessment of any such factors. See Part 1, Item 1A "Risk Factors - The market price of the Company's common shares is volatile". The current macroeconomic environment and competitive dynamics continue to be challenging to the Company's business and the Company cannot be certain of the duration of these conditions and their potential impact on the Company's future financial results and cash flows. A decline in the Company's performance, the Company's market capitalization and future changes to the Company's assumptions and estimates used in the LLA impairment test, particularly the expected future cash flows, remaining useful life of the primary asset and terminal value of the asset group, may result in further impairment charges in future periods of some or all of the assets on the Company's balance sheet. Although it does not affect the Company's cash flow, an impairment charge to earnings has the effect of decreasing the Company's earnings or increasing the Company's losses, as the case may be. The Company's share price could also be adversely affected by the Company's recorded LLA impairment charges.

The Company used the discounted cash flow analysis and market approach to determine the fair values of its assets to measure and allocate impairment.

Valuation of Goodwill Reporting Units

Goodwill represents the excess of the acquisition price in a business combination over the fair value of identifiable net assets acquired. Goodwill is allocated at the date of the business combination. Goodwill is not amortized but is tested for impairment annually on December 31 or more frequently if events or changes in circumstances indicate the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group.

In the annual impairment test, the carrying value of the reporting unit, including goodwill, was compared with its fair value. The estimated fair value was determined utilizing multiple approaches based on the nature of the reporting units being valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach using a discounted future cash flow model, market-based approaches, and the asset value approach. The analysis requires significant judgment, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rates of revenue growth for the Company's reporting units, estimation of the useful life over which cash flows will occur, terminal growth rates, profitability measures, and determination of the discount rates for the reporting units. The carrying value of the Company's assets was assigned to reporting units using reasonable methodologies based on the asset type. When the carrying value of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and written down to its fair value. Different judgments could yield different results.

Valuation Allowance Against Deferred Tax Assets

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. A valuation allowance is required for deferred tax assets if it is more likely than not that all or some portion of the asset will not be realized. All available evidence, both positive and negative, that may affect the realization of deferred tax assets must be identified and considered in determining the appropriate amount of the valuation allowance. Additionally, for interim periods, the estimated annual effective tax rate should include the valuation allowance for current year changes in temporary differences and losses or income arising during the year. For interim periods, the Company needs to consider the valuation allowance that it expects to recognize at the end of the fiscal year as part of the estimated annual effective tax rate. During interim quarters, the Company uses estimates including pre-tax results and ending position of temporary differences as at the end of the fiscal year to estimate the valuation allowance that it expects to recognize at the end of the fiscal year. This accounting treatment has no effect on the Company's actual ability to utilize deferred tax assets to reduce future cash tax payments. Different judgments could yield different results. See "Results of Operations - Fiscal year ended February 28, 2023 compared to fiscal year ended February 28, 2022 - Income Taxes" and "Results of Operations - Three months ended February 28, 2023 compared to three months ended February 28, 2022 - Income Taxes".

Revenue Recognition

The Company's contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. Any estimates, including any constraints on variable consideration, are evaluated at each reporting period.

Judgment is required to determine the SSP for each distinct performance obligation. The Company's products and services often have observable SSP when the Company sells a promised product or service separately to similar customers. A contractually stated price or list price for a good or service may be the SSP of that good or service. However, in instances where SSP is not directly observable, the Company determines the SSP by maximizing observable inputs and using an adjusted market assessment approach using information that may include market conditions and other observable inputs from the Company's pricing team, including historical SSP.

Judgment is required to determine in certain agreements if the Company is the principal or agent in the arrangement. The Company considers factors such as, but not limited to, which party can direct the usage of the product or service, which party obtains substantially all the remaining benefits and which party has the ability to establish the selling price.

Significant judgment is required to determine the estimated customer life used in perpetual license contracts that require access to the Company's proprietary secure network infrastructure to function. The Company uses historical experience regarding the length of the technology upgrade cycle and the expected life of the product to draw this conclusion.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is engaged in operating and financing activities that generate risk in three primary areas:

Foreign Exchange

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency, the U.S. dollar. The majority of the Company's revenue in fiscal 2023 was transacted in U.S. dollars. Portions of the revenue were denominated in Canadian dollars, euros and British pounds. Expenses, consisting mainly of salaries and certain other operating costs, were incurred primarily in Canadian dollars, but were also incurred in U.S. dollars, euros and British pounds. At February 28, 2023, approximately 19% of cash and cash equivalents, 24% of accounts receivables and 36% of accounts payable were denominated in foreign currencies (February 28, 2022 – 37%, 23% and 30%, respectively). These foreign currencies primarily include the Canadian dollar, euro and British pound. As part of its risk management strategy, the Company maintains net monetary asset and/or liability balances in foreign currencies and engages in foreign currency hedging activities using derivative financial instruments, including currency forward contracts and currency options. The Company does not use derivative instruments for speculative purposes. If overall foreign currency exchanges rates to the U.S. dollar uniformly weakened or strengthened by 10% related to the Company's net monetary asset or liability balances in foreign currencies at February 28, 2023 or February 28, 2022 (after hedging activities), the impact to the Company would be immaterial.

The Company regularly reviews its currency forward and option positions, both on a stand-alone basis and in conjunction with its underlying foreign currency exposures. Given the effective horizons of the Company's risk management activities and the anticipatory nature of the exposures, there can be no assurance these positions will offset more than a portion of the financial impact resulting from movements in currency exchange rates. Further, the recognition of the gains and losses related to these instruments may not coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Company's financial condition and operating results.

Interest Rate

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued 1.75% Debentures with a fixed interest rate as described in Note 6 to the Consolidated Financial Statements. The fair value of the 1.75% Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the 1.75% Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio or changes in the market value of the 1.75% Debentures.

Credit and Customer Concentration

The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company establishes an allowance for credit losses ("ACL") that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. The ACL as at February 28, 2023 was $1 million (February

28, 2022 - $4 million). There were two customers that comprised more than 10% of accounts receivable as at February 28, 2023 (February 28, 2022 - no customer that comprised more than 10%). As at February 28, 2023, the percentage of the Company's receivable balance that was past due decreased by 7.9% compared to February 28, 2022. Although the Company actively monitors and attempts to collect on its receivables as they become due, the risk of further delays or challenges in obtaining timely payments of receivables from resellers and other distributor partners exists. The occurrence of such delays or challenges in obtaining timely payments could negatively impact the Company's liquidity and financial condition. There was one customer that comprised 12% of the Company's revenue in fiscal 2023 (fiscal 2022 - one customer that comprised 11%).

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment. The Company makes this assessment by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's ability and intent to hold the debt securities to maturity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of BlackBerry Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of BlackBerry Limited and its subsidiaries (together, the Company) as of February 28, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity and of cash flows for each of the three years in the period ended February 28, 2023, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of February 28, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of February 28, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended February 28, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 28, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Tests of Goodwill for the BlackBerry Spark Reporting Unit and of the Long-Lived Assets for the Unified Endpoint Security (UES) Asset Group

As described in Notes 1, 3 and 4 to the consolidated financial statements, the Company's goodwill and intangible assets balances were $595 million and $203 million respectively, as of February 28, 2023. A portion of the goodwill and intangible asset balances relates to the BlackBerry Spark reporting unit and UES asset group, respectively. The long-lived assets (LLA) of the UES asset group are primarily composed of intangible assets. Management conducts a goodwill impairment test annually on December 31, or more frequently if events or changes in circumstances indicate goodwill may be impaired. In the impairment test, management compares the carrying value of a reporting unit, including goodwill, to its fair value. When the carrying value of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and written down to its fair value. Management reviews LLA for impairment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. Management identified indicators of potential impairment in the UES asset group, which required management to perform an impairment test that included determining the fair value of the UES asset group. If the carrying value of the asset group's net assets exceeds its fair value, then the excess represents the maximum amount of potential impairment that will be allocated to the LLA in the asset group. Management utilized multiple valuation techniques, which included the income approach using a discounted future cash flow model among others in determining the fair value of a reporting unit or an asset group. Estimating the fair value of a reporting unit or an asset group using discounted future cash flow models requires significant judgment by management, including estimation of future cash flows, which is dependent on estimation of the long-term rates of revenue growth, terminal growth rates, profitability measures and determination of the discount rates. Based on the results of the impairment tests related to goodwill and LLA, management concluded that the carrying values of the BlackBerry Spark reporting unit and UES asset group exceeded their respective fair values. Management recorded impairment charges of $245 million and $231 million relating to the BlackBerry Spark reporting unit and UES asset group, respectively.

The principal considerations for our determination that performing procedures relating to the impairment tests of goodwill for the BlackBerry Spark reporting unit and of the long-lived assets for UES asset group is a critical audit matter are (i) the significant judgment by management when determining the fair values of the BlackBerry Spark reporting unit and UES asset group using discounted future cash flow models; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to long-term rates of revenue growth, terminal growth rates, profitability measures and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill and LLA impairment tests for the BlackBerry Spark reporting unit and UES asset group, including controls over the determination of the respective fair values. These procedures also included, among others, (i) testing management's process for determining the fair values of the BlackBerry Spark reporting unit and UES asset group; (ii) testing the completeness and accuracy of underlying data used in the discounted future cash flow models; (iii) evaluating the appropriateness of the discounted future cash flow models;

and (iv) evaluating the reasonableness of the significant assumptions used by management related to long-term rates of revenue growth, terminal growth rates, profitability measures and discount rates. Evaluating management’s assumptions related to long-term rates of revenue growth and profitability measures involved assessing whether the assumptions used by management were reasonable considering consistency with (i) the current and past performance of the BlackBerry Spark reporting unit and UES asset group; (ii) external market and industry data; and (iii) evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the (i) appropriateness of the Company’s discounted future cash flow models and (ii) reasonableness of the discount rates and terminal growth rates.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 31, 2023

We have served as the Company's auditor since 2020.

BlackBerry Limited
Incorporated under the Laws of Ontario
(United States dollars, in millions)

Consolidated Balance Sheets

	As at	
	February 28, 2023	February 28, 2022
Assets		
Current		
Cash and cash equivalents (note 3)	$ 295	$ 378
Short-term investments (note 3)	131	334
Accounts receivable, net of allowance of $1 and $4, respectively (note 4 and note 12)	120	138
Other receivables (note 4)	12	25
Income taxes receivable	3	9
Other current assets (note 4)	182	159
	743	1,043
Restricted cash and cash equivalents (note 3)	27	28
Long-term investments (note 3)	34	30
Other long-term assets (note 4)	8	9
Operating lease right-of-use assets, net (note 11)	44	50
Property, plant and equipment, net (note 4)	25	41
Goodwill (note 3 and note 4)	595	844
Intangible assets, net (note 3 and note 4)	203	522
	$ 1,679	$ 2,567
Liabilities		
Current		
Accounts payable	$ 24	$ 22
Accrued liabilities (note 4)	143	157
Income taxes payable (note 5)	20	11
Debentures (note 6)	367	—
Deferred revenue, current (note 12)	175	207
	729	397
Deferred revenue, non-current (note 12)	40	37
Operating lease liabilities (note 11)	52	66
Other long-term liabilities	1	4
Long-term debentures (note 6)	—	507
	822	1,011
Commitments and contingencies (note 10)		
Shareholders' equity		
Capital stock and additional paid-in capital		
Preferred shares: authorized unlimited number of non-voting, cumulative, redeemable and retractable	—	—
Common shares: authorized unlimited number of non-voting, redeemable, retractable Class A common shares and unlimited number of voting common shares		
Issued and outstanding - 582,157,203 voting common shares (February 28, 2022 - 576,227,898)	2,909	2,869
Deficit	(2,028)	(1,294)
Accumulated other comprehensive loss (note 9)	(24)	(19)
	857	1,556
	$ 1,679	$ 2,567

See notes to consolidated financial statements.

On behalf of the Board:

John S. Chen
Director

Lisa Disbrow
Director

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Shareholders' Equity

	Capital Stock and Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Total
Balance as at February 29, 2020	$ 2,760	$ (198)	$ (33)	$ 2,529
Net loss	—	(1,104)	—	(1,104)
Other comprehensive income	—	—	20	20
Cumulative impact of adoption of ASC 326	—	(4)	—	(4)
Stock-based compensation (note 7)	44	—	—	44
Shares issued:				
Exercise of stock options (note 7)	12	—	—	12
Employee share purchase plan (note 7)	7	—	—	7
Balance as at February 28, 2021	2,823	(1,306)	(13)	1,504
Net income	—	12	—	12
Other comprehensive loss	—	—	(6)	(6)
Stock-based compensation (note 7)	36	—	—	36
Shares issued:				
Exercise of stock options (note 7)	3	—	—	3
Employee share purchase plan (note 7)	7	—	—	7
Balance as at February 28, 2022	2,869	(1,294)	(19)	1,556
Net loss	—	(734)	—	(734)
Other comprehensive loss	—	—	(5)	(5)
Stock-based compensation (note 7)	34	—	—	34
Shares issued:				
Employee share purchase plan (note 7)	6	—	—	6
Balance as at February 28, 2023	$ 2,909	$ (2,028)	$ (24)	$ 857

See notes to consolidated financial statements.

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

Consolidated Statements of Operations

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Revenue (note 12)	$ 656	$ 718	$ 893
Cost of sales	237	251	250
Gross margin	419	467	643
Operating expenses			
Research and development	207	219	215
Selling, marketing and administration	340	297	344
Amortization	96	165	182
Impairment of goodwill (note 3)	245	—	594
Impairment of long-lived assets (note 3)	235	—	43
Gain on sale of property, plant and equipment, net (note 4)	(6)	—	—
Debentures fair value adjustment (note 6)	(138)	(212)	372
Litigation settlement (note 10)	165	—	—
	1,144	469	1,750
Operating loss	(725)	(2)	(1,107)
Investment income (loss), net (note 4 and note 6)	5	21	(6)
Income (loss) before income taxes	(720)	19	(1,113)
Provision for (recovery of) income taxes (note 5)	14	7	(9)
Net income (loss)	$ (734)	$ 12	$ (1,104)
Earnings (loss) per share (note 8)			
Basic	$ (1.27)	$ 0.02	$ (1.97)
Diluted	$ (1.35)	$ (0.31)	$ (1.97)

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Comprehensive Income (Loss)

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Net income (loss)	$ (734)	$ 12	$ (1,104)
Other comprehensive income (loss)			
Net change in fair value and amounts reclassified to net income (loss) from derivatives designated as cash flow hedges during the year (note 9)	(1)	(1)	2
Foreign currency translation adjustment	(6)	(6)	5
Net change in fair value from instrument-specific credit risk on the Debentures during the year (note 6)	2	1	13
Other comprehensive income (loss)	(5)	(6)	20
Comprehensive income (loss)	$ (739)	$ 6	$ (1,084)

See notes to consolidated financial statements.

BlackBerry Limited

(United States dollars, in millions)

Consolidated Statements of Cash Flows

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Cash flows from operating activities			
Net income (loss)	$ (734)	$ 12	$ (1,104)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization	105	176	198
Stock-based compensation	34	36	44
Gain on sale of investment (note 3)	—	(22)	—
Impairment of goodwill (note 3)	245	—	594
Impairment of long-lived assets (note 3)	235	—	43
Gain on sale of property, plant and equipment, net (note 4)	(6)	—	—
Debentures fair value adjustment (note 6)	(138)	(212)	372
Operating leases	(16)	(16)	(4)
Other	5	(3)	(5)
Net changes in working capital items			
Accounts receivable, net of allowance	18	44	29
Other receivables	13	—	(11)
Income taxes receivable	6	1	(4)
Other assets	(1)	15	55
Accounts payable	2	2	(11)
Accrued liabilities	(11)	(16)	(20)
Income taxes payable	9	5	(15)
Deferred revenue	(29)	(50)	(79)
Net cash provided by (used in) operating activities	(263)	(28)	82
Cash flows from investing activities			
Acquisition of long-term investments	(3)	(1)	(5)
Proceeds on sale, maturity or distribution from long-term investments	—	35	—
Acquisition of property, plant and equipment	(7)	(8)	(8)
Proceeds on sale of property, plant and equipment (note 4)	17	—	—
Acquisition of intangible assets	(34)	(31)	(36)
Acquisition of short-term investments	(514)	(916)	(1,039)
Acquisition of restricted short-term investments	—	—	(24)
Proceeds on sale or maturity of restricted short-term investments	—	24	—
Proceeds on sale or maturity of short-term investments	717	1,104	1,047
Net cash provided by (used in) investing activities	176	207	(65)
Cash flows from financing activities			
Issuance of common shares	6	10	19
Payment of finance lease liability	—	—	(1)
Repurchase of 3.75% Debentures	—	—	(610)
Issuance of 1.75% Debentures	—	—	365
Net cash provided by (used in) financing activities	6	10	(227)
Effect of foreign exchange gain (loss) on cash, cash equivalents, restricted cash, and restricted cash equivalents	(3)	(1)	2
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents during the period	(84)	188	(208)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	406	218	426
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	$ 322	$ 406	$ 218

See notes to consolidated financial statements.

1. BLACKBERRY LIMITED AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

BlackBerry Limited (the "Company") provides intelligent security software and services to enterprises and governments around the world. The Company secures more than 500 million endpoints including more than 215 million vehicles. Based in Waterloo, Ontario, the Company leverages artificial intelligence and machine learning to deliver innovative solutions in the areas of cybersecurity, safety and data privacy, and is a leader in the areas of endpoint security, endpoint management, encryption and embedded systems. The Company's common shares trade under the ticker symbol "BB" on the New York Stock Exchange and the Toronto Stock Exchange.

Basis of Presentation and Preparation

The consolidated financial statements include the accounts of all subsidiaries of the Company with intercompany transactions and balances eliminated on consolidation. All of the Company's subsidiaries are wholly owned. These consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles ("U.S. GAAP") on a basis consistent for all periods presented, except as described in Note 2.

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

The Company is organized and managed as three reportable operating segments: Cybersecurity, IoT (collectively, "Software & Services"), and Licensing and Other, as further discussed in Note 12.

Risks and Uncertainties

In fiscal 2023, assumptions and estimates about future cash flows, the economic weakness and inflation resulting directly or indirectly from the COVID-19 pandemic and the invasion of Ukraine, as well as higher interest rates implemented in response to inflation and resulting fears of recession, resulted in the Company making significant judgments related to its estimates and assumptions concerning the impairment of goodwill, indefinite-lived intangible assets, certain operating lease right-of-use ("ROU") assets and associated property, plant and equipment, and concerning the collectability of receivables.

As of the date of issuance of the financial statements, the Company is not aware of any additional events or circumstances which would require it to update its estimates, judgments, or revise the carrying value of its assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and such changes will be recognized in the consolidated financial statements as soon as they become known. Actual results could differ from these estimates and any such differences may be material to the Company's financial statements.

Accounting Policies and Critical Accounting Estimates

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to revenue-related estimates including variable consideration, standalone selling price ("SSP"), estimated customer life, if control of licenses to intellectual property has transferred, right of return and customer incentive commitments, fair value of reporting units in relation to actual or potential goodwill impairment, fair value of the Debentures (as defined in Note 6), fair value of share-based liability awards, fair value of long-lived assets in relation to actual or potential impairment, the Company's long-lived asset groupings, estimated useful lives of property, plant and equipment and intangible assets, provision (or recovery) of income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for credit losses, incremental borrowing rates in determining the present value of lease liabilities and the determination of reserves for various litigation claims. Actual results could differ from these estimates, which were based upon circumstances that existed as of the date of the consolidated financial statements, February 28, 2023.

The significant accounting policies used in these U.S. GAAP consolidated financial statements are as follows:

Foreign currency translation

The U.S. dollar is the functional and reporting currency of the Company and substantially all of the Company's subsidiaries.

Foreign currency denominated assets and liabilities of the Company and its U.S. dollar functional currency subsidiaries are translated into U.S. dollars. Accordingly, monetary assets and liabilities are translated using the exchange rates in effect as at the consolidated balance sheet dates, and revenue and expenses are translated at the rates of exchange

prevailing when the transactions occurred. Remeasurement adjustments are included in income. Non-monetary assets and liabilities are translated at historical exchange rates.

Foreign currency denominated assets and liabilities of the Company's non-U.S. dollar functional currency subsidiary is translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheet dates. Revenue and expenses are translated using daily exchange rates. Exchange gains or losses arising from the translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive loss ("AOCL").

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and liquid investments with maturities of three months or less at the date of acquisition.

Accounts receivable, net of allowance

The accounts receivable balance reflects invoiced and accrued revenue and is presented net of an allowance for credit losses. The Company expects the majority of its accounts receivable balances to continue to come from large customers as it sells the majority of its software products and services through resellers and other distribution partners, rather than directly to end users. The Company establishes current expected credit losses ("CECL") for pools of assets with similar risk characteristics by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), the Company records a specific credit loss provision to reduce the customer's related accounts receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of accounts receivable balances could be further adjusted.

Investments

The Company's cash equivalents and investments, other than publicly issued equity securities and non-marketable equity investments without readily determinable fair value, consist of money market and other debt securities, which are classified as available-for-sale for accounting purposes and are carried at fair value. Unrealized gains and losses, net of related income taxes, are recorded in AOCL until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments, which are recorded in investment income. The Company does not exercise significant influence with respect to any of these investments. Publicly issued equity securities are recorded at fair value and revalued at each reporting period with changes in fair value recorded through investment income. The Company elects to record non-marketable equity investments without readily determinable fair value at cost minus impairment, and adjusted for any changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. The Company reassesses each reporting period that its non-marketable equity investments without readily determinable fair value continue to qualify for this treatment.

Investments with maturities at the time of purchase of three months or less are classified as cash equivalents. Investments with maturities of one year or less (but which are not cash equivalents), public equity investments and any investments that the Company intends to hold for less than one year are classified as short-term investments. Investments with maturities in excess of one year, non-marketable equity investments without readily determinable fair value and investments that the Company does not intend to sell are classified as long-term investments.

Allowance for Credit Losses on Available-for-sale Debt Securities

On March 1, 2020, the Company adopted "Accounting Standards Codification 326, Financial Instruments - Credit Losses" ("ASC 326") on a modified retrospective basis. At each reporting period, the Company evaluates its available-for-sale debt securities at the individual security level to determine whether there is a decline in the fair value below its amortized cost basis (an impairment). In circumstances where the Company intends to sell, or is more likely than not required to sell, the security before it recovers its amortized cost basis, the difference between fair value and amortized cost is recognized as a loss in the consolidated statement of operations, with a corresponding write-down of the security's amortized cost. In circumstances where neither condition exists, the Company then evaluates whether a decline is due to credit-related factors. The factors considered in determining whether a credit loss exists can include the extent to which fair value is less than the amortized cost basis, changes in the credit quality of the underlying issuer, credit ratings actions, as well as other factors. To determine the portion of a decline in fair value that is credit-related, the Company compares the present value of the expected cash flows of the security discounted at the security's effective interest rate to the amortized cost basis of the security. A credit-related impairment is limited to the difference between fair value and amortized cost, and recognized as an allowance for credit loss on the consolidated balance sheet with a corresponding adjustment to net income. Any remaining decline in fair value that is non-credit related is recognized in other comprehensive income (loss), net of tax. Improvements in expected cash flows due to improvements in credit are recognized through reversal of the credit loss and corresponding reduction in the allowance for credit loss.

Derivative financial instruments

The Company uses derivative financial instruments, including forward contracts and options, to hedge certain foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes.

The Company records all derivative instruments at fair value on the consolidated balance sheets. The fair value of these instruments is calculated based on notional and exercise values, transaction rates, market quoted currency spot rates, forward points, volatilities and interest rate yield curves. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative instrument and the resulting designation.

For derivative instruments designated as cash flow hedges, the derivative's gain or loss is initially reported as a component of AOCL, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. In order for the Company to receive hedge accounting treatment, the cash flow hedge must be highly effective in offsetting changes in the fair value of the hedged item and the relationship between the hedging instrument and the associated hedged item must be formally documented at the inception of the hedge relationship. Hedge effectiveness is formally assessed, both at hedge inception and on an ongoing basis, to determine whether the derivatives used in hedging transactions are highly effective in offsetting changes in the value of the hedged items and whether they are expected to continue to be highly effective in future periods.

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated unrealized gains and losses in AOCL are recognized in income at that time. Any future changes in the fair value of the instrument are recognized in current income.

For any derivative instruments that do not meet the requirements for hedge accounting, or for any derivative instruments for which hedge accounting is not elected, the changes in fair value of the instruments are recognized in income in the current period and will generally offset the impact to income as a result of changes in the U.S. dollar value of the associated asset, liability or forecasted transaction.

Property, plant and equipment, net

Property, plant and equipment are stated at cost, less accumulated amortization and impairment. Amortization is provided using the following rates and methods:

Leasehold improvements and other	Straight-line over terms between 5 and 15 years
BlackBerry operations and other information technology	Straight-line over terms between 3 and 5 years
Manufacturing, repair and research and development equipment	Straight-line over terms between 1 and 5 years
Furniture and fixtures	Declining balance at 30% per annum

For amortization on ROU assets, see the Company's accounting policy on leases below and Note 11 for the remaining lease terms of leases.

Leases

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As most of the Company's leases do not provide an implicit discount rate, the Company primarily uses its incremental borrowing rate, based on the information available at the commencement date of the lease, in determining the present value of future payments. The Company's incremental borrowing rate requires significant judgment and is determined based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term in a similar economic environment. The operating lease ROU asset includes any lease payments made, lease incentives and initial direct costs incurred. The lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. In some cases, the Company has index-based variable lease payments for which an estimated rate is applied to the initial lease payment to determine future lease payment amounts.

The Company has building, car and data center lease agreements with lease and non-lease components that are accounted for separately. For lease terms of 12 months or less on the commencement date, the Company does not apply the Accounting Standards Codification 842 recognition requirements and recognizes the lease payments as lease cost on a straight-line basis over the lease term.

See Note 11 for additional information related to the Company's leases.

Goodwill

Goodwill represents the excess of the acquisition price in a business combination over the fair value of identifiable net assets acquired. Goodwill is allocated at the date of the business combination. Goodwill is not amortized but is tested for impairment annually on December 31 or more frequently if events or changes in circumstances indicate the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group.

In the annual impairment test, the carrying value of the reporting unit, including goodwill, was compared with its fair value. The estimated fair value was determined utilizing multiple approaches based on the nature of the reporting units being valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach using a discounted future cash flow model, market-based approaches, and the asset value approach. The analysis requires significant judgment, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rates of revenue growth for the Company's reporting units, estimation of the useful life over which cash flows will occur, terminal growth rates, profitability measures, and determination of the discount rates for the reporting units. The carrying value of the Company's assets was assigned to reporting units using reasonable methodologies based on the

asset type. When the carrying value of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and written down to its fair value. Different judgments could yield different results.

Intangible assets

Intangible assets with definite lives are stated at cost, less accumulated amortization and impairment. Amortization is provided on a straight-line basis over the following terms:

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 20 years
Other acquired intangibles	Between 2 and 10 years

Acquired technology consists of intangible assets acquired through business acquisitions. Intellectual property consists of patents (including purchased and internally generated patents and maintenance fees). Other acquired intangibles include items such as customer relationships and brand. The useful lives of intangible assets are evaluated at least annually to determine if events or circumstances warrant a revision to their remaining period of amortization. Legal, regulatory and contractual factors, the effects of obsolescence, demand, competition and other economic factors are potential indicators that the useful life of an intangible asset may be revised.

Impairment of long-lived assets

The Company reviews long-lived assets (“LLA”) such as property, plant and equipment, intangible assets with finite useful lives and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. These events and circumstances may include significant decreases in the market price of an asset or asset group, significant changes in the extent or manner in which an asset or asset group is being used by the Company or in its physical condition, a significant change in legal factors or in the business climate, a history or forecast of future operating or cash flow losses, significant disposal activity, a significant decline in the Company’s share price, a significant decline in revenue or adverse changes in the economic environment.

The LLA impairment test requires the Company to identify its asset groups and test impairment of each asset group separately. Determining the Company’s asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results. The Company’s determination of its asset groups, its primary asset and its remaining useful life, and estimated cash flows are significant factors in assessing the recoverability of the Company’s assets for the purposes of LLA impairment testing. The Company’s share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company’s results of operations, changes in the Company’s forecasts or market expectations relating to future results, and the Company’s strategic initiatives and the market’s assessment of any such factors.

When indicators of impairment exist, LLA impairment is tested using a two-step process. The Company performs a cash flow recoverability test as the first step, which involves comparing the asset group’s estimated undiscounted future cash flows to the carrying value of its net assets. If the net cash flows of the asset group exceed the carrying value of its net assets, LLA are not considered to be impaired. If the carrying value exceeds the net cash flows, there is an indication of potential impairment and the second step of the LLA impairment test is performed to measure the impairment amount. The second step involves determining the fair value of the asset group. Fair values are determined using valuation techniques that are in accordance with U.S. GAAP, including the market approach, income approach and cost approach. If the carrying value of the asset group’s net assets exceeds its fair value, then the excess represents the maximum amount of potential impairment that will be allocated to LLA in the asset group, with the limitation that the carrying value of each separable asset cannot be reduced to a value lower than its individual fair value. The total impairment amount allocated is recognized as a non-cash impairment loss.

The Company reviews any changes in events and circumstances that have occurred on a quarterly basis to determine if indicators of LLA impairment exist.

Royalties

The Company recognizes its liability for royalties in accordance with the terms of existing license agreements. Where license agreements are not yet finalized, the Company recognizes its current estimates of the obligation in accrued liabilities in the consolidated financial statements. When the license agreements are subsequently finalized, the estimate is revised accordingly. Management's estimates of royalty rates are based on the Company's historical licensing activities, royalty payment experience, and forward-looking expectations.

Convertible debentures

The Company elected to measure its Debentures at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures associated with non-credit components are recognized in income, while the change in fair value associated with credit components is recognized in AOCL.

1.75% Debentures

The fair value of the 1.75% Debentures (as defined in Note 6) has been determined using the significant inputs of principal value, interest rate spreads and curves, any observable trades of the Debentures that occurred during the period, the market price and volatility of the Company's listed common shares, and the significant Level 3 inputs related to credit spread and the implied discount of the 1.75% Debentures at issuance.

3.75% Debentures

The fair value of the 3.75% Debentures (as defined in Note 6) was determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option prices, observable trades of the Debentures, the market price and volatility of the Company's listed common shares and the Company's implicit credit spread.

Revenue recognition

The Company recognizes revenue when control of the promised products or services are transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those products and services. Revenue is recognized through the application of the following steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when (or as) the Company satisfies a performance obligation.

A contract exists with a customer when both parties have approved the contract, commitments to performance and rights of each party (including payment terms) are identified, the contract has commercial substance and collection of substantially all consideration is probable for goods and services that are transferred.

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other available resources, and are distinct in the context of the contract, whereby the transfer of the good or service is separately identifiable from other promises in the contract. If these criteria are not met, the promised goods and services are accounted for as a combined performance obligation.

The transaction price is determined based on the consideration the Company expects to be entitled to in exchange for transferring promised goods and services to the customer, excluding amounts collected on behalf of third parties such as sales taxes. Determining the transaction price requires significant judgment. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration.

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP. The Company's method for allocation of consideration to be received and its method of estimation of SSP are described below under "Significant judgments".

For each of the Company's major categories of revenue, the following paragraphs describe the applicable specific revenue recognition policy, and when the Company satisfies its performance obligations.

Nature of products and services

The Company is organized and managed as three operating segments. The Company has multiple products and services from which it derives revenue, which are structured in three groups: Cybersecurity, IoT and Licensing and Other.

Cybersecurity

Cybersecurity includes revenue from the Company's BlackBerry Spark® software platform which includes unified endpoint security ("UES") and unified endpoint management ("UEM") solutions, BlackBerry® AtHoc®, BlackBerry® Alert, BlackBerry® SecuSUITE® and BlackBerry Messenger (BBM®) Enterprise. Cybersecurity revenue is generated predominantly through software licenses, commonly bundled with support, maintenance and professional services.

BlackBerry Spark

The BlackBerry Spark platform is a comprehensive offering of security software products and services, including the BlackBerry® Cyber Suite and the BlackBerry Spark® Unified Endpoint Management Suite, which are also marketed together as the BlackBerry Spark® Suite, offering the Company's broadest range of tailored cybersecurity and endpoint management options.

The BlackBerry Spark UES Suite includes revenue from the Company's Cylance® artificial intelligence and machine learning-based platform consisting of CylancePROTECT®, CylanceOPTICS®, CylancePERSONA™, CylanceGATEWAY™, CylanceGUARD® managed services, CylancePROTECT Mobile™ and other cybersecurity applications. The Company generates software license revenue from term subscription products, which includes technical support, and any updates and upgrades. The BlackBerry Spark UES Suite natively integrates with BlackBerry® UEM and also works with UEM solutions from other vendors.

The Company recognizes the license revenue over the term of the contract beginning on the commencement date of each contract, the date that services are made available to customers. The Company's software license and updates, to the extent made available, are not distinct in the context of the contract as they are critical to the ongoing usability of the solution and so fulfill a single promise to the customer in the contract. The typical subscription term is one to three years. The technical support is recognized over the support period, which will normally be the same term as the software license.

Revenue for hourly rate professional services arrangements is recognized as services are performed and revenue for fixed fee professional services is recognized on a proportional performance basis as the services are performed.

The BlackBerry Spark® UEM Suite includes the Company's BlackBerry® UEM, BlackBerry® Dynamics™ and BlackBerry® Workspaces solutions. The Company generates software license revenue from both term subscription and perpetual license contracts, both of which are commonly bundled with support, maintenance and professional services.

If the licensed software in a contract requires access to the Company's proprietary secure network infrastructure in order to function, revenue from term subscription contracts is recognized over time, ratably over the term, and revenue from perpetual license contracts is recognized over time, ratably over the expected customer life, which in most cases the Company has estimated to be four years. If access to the Company's proprietary network infrastructure is not required for the software to function, revenue associated with both term subscription and perpetual licenses contracts is recognized at a point in time upon delivery of the software. Generally, most of the Company's enterprise software products sold require access to the Company's proprietary secure network infrastructure in order to function, and therefore the associated revenue is recognized over time, ratably over either the subscription term or expected customer life as described above.

BlackBerry SecuSUITE

SecuSUITE revenue is generated from software license products associated with secure messaging and the associated hardware. Similar to the BlackBerry Spark products, if the licensed software requires access to the Company's proprietary secure network infrastructure, revenue from the contract is recognized over time, ratably over the expected term or over the customer life, if licensed on a perpetual basis. If access to the Company's proprietary network infrastructure is not required, revenue associated with the license is recognized at a point in time upon delivery of the software. Revenue from the hardware is recognized once title and the significant risks and rewards of ownership of the products are transferred to the customer, which occurs after the product has shipped.

BlackBerry AtHoc and BlackBerry Alert

BlackBerry AtHoc and BlackBerry Alert generate revenue from networked critical event management solutions through term subscriptions which include technical support and associated professional services. The Company recognizes the

license revenue over the term of the contract beginning on the commencement date of each contract, the date that services are made available to customers.

IoT

IoT consists of BlackBerry Technology Solutions and BlackBerry IVY™. BlackBerry Technology Solutions includes revenue from BlackBerry® QNX®, BlackBerry Certicom®, BlackBerry Radar® and other IoT applications. IoT revenue is generated predominantly through software licenses, commonly bundled with support, maintenance and professional services.

BlackBerry® QNX® software license revenue from both term subscription and perpetual contracts is recognized at a point in time when the software is made available to the customer for use, as the software has standalone functionality and the license is distinct in the context of the contract. The licenses for certain software embedded into hardware such as automotive infotainment systems and advanced driver-assistance systems are sold as a sales-based royalty where intellectual property is the predominant item to which the royalty relates, and are recognized based on actual volumes and underlying sales by the customer of the hardware with the embedded software except in cases where the customer makes a non-refundable prepayment related to its future royalties, in which case consideration is fixed and recognized immediately.

Revenue from technical support is recognized over the support period. Revenue from professional services is recognized as the customer simultaneously receives and consumes the benefits provided by the Company’s performance as the services are provided. This can be on a proportional performance basis, or over the term of the contract. Revenue from software maintenance services is recognized over the length of the maintenance period, with an average term of one year.

Licensing and Other

Licensing and Other includes revenue from the Company’s intellectual property licensing arrangements and settlement awards. Other revenue consists of revenue associated with the Company’s legacy service access fees (“SAF”) business.

The Company’s outbound patent licensing agreements provide for license fees that may be a single upfront payment or multiple payments representing all or a majority of the licensing revenue that will be payable to the Company. These agreements may be perpetual or term in nature and grant (i) a limited non-exclusive, non-transferable license to certain of the Company’s patents, (ii) a covenant not to enforce patent rights against the licensee, and (iii) the release of the licensee from certain claims.

The Company examines intellectual property agreements on a case-by-case basis to determine whether the intellectual property contains distinct performance obligations with standalone functionality and whether the Company is the principal or agent in the transaction. Significant judgment is applied in assessing contractual terms which could impact the timing and amount of revenue recognition. Revenue from patent licensing agreements is often recognized for the transaction price either when the license has been transferred to the customer or based upon subsequent sales by the customer in the case of sales-based royalty licenses where the license of intellectual property is the predominant item to which the royalty relates. The transaction price may include non-monetary consideration in the form of patents transferred to the Company, which is recorded at fair value as determined by a combination of market and income-based valuation approaches. As part of these agreements the Company may also recognize revenue relating to the sale and assignment of patents.

The Company recognizes revenue related to consideration that may result from a negotiated agreement with a licensee that utilized the Company’s IP prior to signing a patent license agreement with the Company or from the resolution of a disagreement or arbitration with a licensee over the specific terms of an existing license agreement. The Company may also recognize revenue related to consideration for past patent royalties in connection with the settlement of patent litigation where there was no prior patent license agreement.

Other includes revenue associated with the Company’s legacy SAF business, relating to subscribers utilizing the Company’s legacy BlackBerry 7 and prior operating systems, for which the Company ended support and maintenance as of January 4, 2022. SAF revenue was recognized over time as the monthly service was provided. In instances where the Company invoiced the SAF customer prior to performing the service, the pre-billing was recorded as deferred revenue.

See Note 12 for further information, including revenue by major product and service types.

Significant judgments in revenue recognition

The Company's contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. Any estimates, including any constraints on variable consideration, are evaluated at each reporting period.

Judgment is required to determine the SSP for each distinct performance obligation. The Company's products and services often have observable SSP when the Company sells a promised product or service separately to similar customers. A contractually stated price or list price for a good or service may be the SSP of that good or service. However, in instances where SSP is not directly observable, the Company determines the SSP by maximizing observable inputs and using an adjusted market assessment approach using information that may include market conditions and other observable inputs from the Company's pricing team, including historical SSP.

Judgment is required to determine in certain agreements if the Company is the principal or agent in the arrangement. The Company considers factors such as, but not limited to, which party can direct the usage of the product or service, which party obtains substantially all the remaining benefits and which party has the ability to establish the selling price.

Significant judgment is required to determine the estimated customer life used in perpetual license contracts that require access to the Company's proprietary secure network infrastructure to function. The Company uses historical experience regarding the length of the technology upgrade cycle and the expected life of the product to draw this conclusion.

Revenue contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets are generated when contractual billing schedules differ from revenue recognition timing. An unbilled receivable is recorded in instances when revenue is recognized prior to invoicing, and amounts collected in advance of services being provided are recorded as deferred revenue. Contract assets and liabilities are presented net as either a single contract asset or contract liability.

Certain sales commissions are considered incremental and recoverable costs of obtaining a contract with a customer. The Company's capitalized commissions are recorded as other current assets and other long-term assets and are recognized immediately or amortized proportionally, based on the satisfaction of the related performance obligations, and are included in selling, marketing and administration expenses. The Company has applied the practical expedient to expense sales commission as incurred if the amortization period would have been for one year or less. The practical expedient was applied to sales commissions allocated to professional services, as these contracts are generally for one year or less. See Note 12 for further information on the Company's contract balances.

Payment terms and conditions vary by contract type although standard billing terms are that payment is due upon receipt of invoice, payable within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that contracts generally do not include a significant financing component if the period between when the payment is received and when the Company transfers the promised goods or services to the customer will be one year or less.

Income taxes

The Company uses the liability method of income tax allocation to account for income taxes. Deferred income tax assets and liabilities are recognized based upon temporary differences between the financial reporting and income tax bases of assets and liabilities and measured using enacted income tax rates and tax laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is more likely than not to be realized. The Company considers both positive evidence and negative evidence, to determine whether, based upon the weight of that evidence, a valuation allowance is required. Judgment is required in considering the relative impact of negative and positive evidence.

Significant judgment is also required in evaluating the Company's uncertain income tax positions and provisions for income taxes. Liabilities for uncertain income tax positions are recognized based on a two-step approach. The first step is to evaluate whether an income tax position has met the recognition threshold by determining if the weight of available evidence indicates that it is more likely than not to be sustained upon examination. The second step is to measure the income tax position that has met the recognition threshold as the largest amount that is more than 50% likely of being realized upon settlement. The Company continually assesses the likelihood and amount of potential adjustments and

adjusts the income tax provisions, income taxes payable and deferred income taxes in the period in which the facts that give rise to a revision become known. The Company recognizes interest and penalties related to uncertain income tax positions as interest expense, which is then netted and reported within investment income.

The Company uses the flow-through method to account for investment tax credits (“ITCs”) earned on eligible scientific research and experimental development expenditures. Under this method, the ITCs are recognized as a reduction to income tax expense.

Research and development

Research costs are expensed as incurred. Development costs for licensed software to be sold, leased or otherwise marketed are subject to capitalization beginning when a product’s technological feasibility has been established and ending when a product is available for general release to customers. The Company’s products are generally released soon after technological feasibility has been established and therefore costs incurred subsequent to achievement of technological feasibility are not significant and have been expensed as incurred. The Company does not currently have any capitalized research and development costs other than those identified through business combinations as in-process research and development included within intangible assets, net, which were recorded at their fair values and began amortizing when the related technology became available for general release to customers.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period, except those resulting from investments by owners and distributions to owners. The Company’s reportable items of comprehensive income (loss) are the cumulative translation adjustment resulting from its non-U.S. dollar functional currency subsidiary as described under the foreign currency translation policy above, cash flow hedges as described above in derivative financial instruments, changes in the fair value of available-for-sale investments as described in Note 3, changes in fair value from instrument-specific credit risk on the Debentures as described in Note 6 and Note 9, and actuarial gains or losses associated with certain other post-employment benefit obligations. Realized gains or losses on available-for-sale investments are reclassified into investment income using the specific identification basis.

Earnings (loss) per share

Earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the fiscal year. The treasury stock method is used for the calculation of the dilutive effect of stock options. The if-converted method is used for the calculation of the dilutive effect of the Debentures.

Stock-based compensation plans

The Company has stock-based compensation plans. Awards granted under the plans are detailed in Note 7(b).

The Equity Incentive Plan (the “Equity Plan”) was adopted during fiscal 2014. The Equity Plan provides for grants of incentive stock options and restricted share units (“RSUs”) to officers and employees of the Company or its subsidiaries. RSUs may be either time-based (“TBRSUs”) or time- and performance-based (“PBRSUs”). The number of common shares authorized for awards under the Equity Plan is 45,875,000 common shares. Any shares that are subject to options granted under the Equity Plan are counted against this limit as 0.625 shares for every one option granted, any shares that are subject to TBRSUs granted under the Equity Plan are counted against this limit as one share for every TBRSU, and any shares that are subject to PBRSUs granted under the Equity Plan are counted against this limit at the maximum performance attainment (which is generally 1.5 shares for every PBRSU). Awards previously granted under the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options that expire or are forfeited (i.e., RSUs), settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. There are approximately 11 million shares in the equity pool available for future grants under the Equity Plan as at February 28, 2023.

In connection with the Cylance Inc. (“Cylance”) acquisition in fiscal 2019, the Company adopted the BlackBerry-Cylance Stock Plan (the “Cylance Stock Plan”). The Cylance Stock Plan provided for the grant of replacement awards in connection with unvested Cylance employee equity awards, all of which were canceled upon the closing of the transaction. The number of common shares authorized for awards under the Cylance Stock Plan were 9,144,176 common shares, which is equal to the amount of replacement awards granted. As at February 28, 2019, there were no shares remaining in the Cylance Stock Plan for future grants. In addition, no shares may be reissued under the Cylance Stock Plan in respect of shares that expire, are forfeited, or are settled in cash.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options, and the expense is recognized ratably over the vesting period. Options granted under the Cylance Stock Plan generally vest over a four-year period with 25% vesting on the first anniversary date, and the remainder vesting in equal monthly installments. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations would be impacted.

Any consideration paid by employees on exercise of stock options, plus any recorded stock-based compensation within additional paid-in capital related to that stock option, is credited to capital stock.

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs granted under the Equity Plan generally vest over a three-year period, either in equal annual installments or on the third anniversary date. For PBRSUs, the Company estimates its achievement against the performance goals, which are based on the Company's business plan approved by the Board. The estimated achievement is updated for the Company's outlook for the fiscal year as at the end of each fiscal quarter. Compensation cost will only be recognized to the extent that performance goals are achieved. The Company classifies RSUs as equity instruments as the Company has the ability and intent to settle the awards in common shares. The compensation expense for standard RSUs is calculated based on the fair value of each RSU as determined by the closing value of the Company's common shares on the business day of the grant date. The Company recognizes compensation expense over the vesting period of the RSU. The Company expects to settle RSUs, upon vesting, through the issuance of new common shares from treasury.

The Company has a Deferred Share Unit Plan (the "DSU Plan"), originally approved by the Board on December 20, 2007, under which each independent director is credited with Deferred Share Units ("DSUs") in satisfaction of all or a portion of the cash fees otherwise payable to them for serving as a director of the Company. Each independent director's annual retainer will be entirely satisfied in the form of DSUs. Within a specified period after a director ceases to be a member of the Board, DSUs will be redeemed for cash with the redemption value of each DSU equal to the weighted average trading price of the Company's shares over the five trading days preceding the redemption date. Alternatively, the Company may elect to redeem DSUs by way of shares purchased on the open market or issued by the Company.

DSUs are accounted for as liability-classified awards and are awarded on a quarterly basis. These awards are measured at their fair value on the date of issuance and remeasured at each reporting period until settlement.

Advertising costs

The Company expenses all advertising costs as incurred. These costs are included in selling, marketing and administration expenses.

Government subsidies

The Company recognizes government subsidies as a reduction to operating expenses in the consolidated statement of operations when there is reasonable assurance the Company will receive the amount and has complied with the conditions, if any, attached to the government subsidies.

2. ADOPTION OF ACCOUNTING POLICIES

Accounting Standards Adopted During Fiscal 2023

ASU 2020-06, Debt with Conversion and Other Options

In August 2020, the Financial Standards Accounting Board ("FASB") issued a new accounting standard on the topic of debt with conversion and other options, accounting standards update ("ASU") 2020-06. The amendment in this update simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments and convertible preferred stock. This update also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions and requires the application of the if-converted method for calculating diluted earnings per share. The update also requires entities to provide expanded disclosures about the terms and features of convertible instruments, how the instruments have been reported in the entity's financial statements, and information about events, conditions, and circumstances that can affect how to assess the amount or timing of an entity's future cash flows related to those instruments. The guidance is effective for interim and annual periods beginning after December 15, 2021. The Company adopted this guidance in the

first quarter of fiscal 2023 and it did not have a material impact on its results of operations, financial position and disclosures as the fair value option accounting model used by the Company is not impacted by this ASU and the Company already utilizes the if-converted method in its calculation of diluted earnings per share relating to the 1.75% Debentures.

ASU 2021-08, Business Combinations

In October 2021, the FASB issued a new accounting standard on the topic of business combinations, accounting for contract assets and contract liabilities from contracts with customers, ASU 2021-08. The amendment in this update improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency. This update requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, Revenue from Contracts with Customers. The guidance is effective for interim and annual periods beginning after December 15, 2022 and requires entities to prospectively apply business combinations occurring on or after the effective date of the amendments. The Company early adopted this guidance in the first quarter of fiscal 2023, and will apply it prospectively to any business acquisitions subsequent to the date of adoption.

ASU 2021-10, Government Assistance

In November 2021, the FASB issued a new accounting standard on the topic of government assistance, ASU 2021-10. The standard requires additional disclosures for transactions with a government accounted for by applying a grant or contribution accounting model by analogy, including: (i) information about the nature of the transactions and related accounting policy used to account for the transactions; (ii) the line items on the balance sheet and income statement affected by these transactions including amounts applicable to each line; and (iii) significant terms and conditions of the transactions, including commitments and contingencies. The update also requires entities that omit any of the information because it is legally prohibited from being disclosed to include a statement to that effect. The guidance is effective for annual periods beginning after December 15, 2021. The Company adopted this guidance in the first quarter of fiscal 2023 and it did not have a material impact on its annual disclosures.

3. FAIR VALUE MEASUREMENTS, CASH, CASH EQUIVALENTS AND INVESTMENTS

Fair Value

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use in pricing the asset or liability, such as inherent risk, non-performance risk and credit risk. The Company applies the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company’s cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities are carried at amounts that approximate their fair values (Level 2 measurement) due to their short maturities.

Recurring Fair Value Measurements

In determining the fair value of investments held, the Company primarily relies on an independent third-party valuator for the fair valuation of securities. The Company also reviews the inputs used in the valuation process and assesses the pricing of the securities for reasonableness after conducting its own internal collection of quoted prices from brokers. Fair values for all investment categories provided by the independent third-party valuator that are in excess of 0.5% from the fair values determined by the Company are communicated to the independent third-party valuator for consideration of reasonableness. The independent third-party valuator considers the information provided by the Company before determining whether a change in their original pricing is warranted.

The Company's investments largely consist of debt securities issued by major corporate and banking organizations, the provincial and federal governments of Canada, international government banking organizations and the United States Department of the Treasury and are all investment grade. The Company also holds certain public equity securities obtained through an initial public offering by the issuer of a previously held non-marketable equity investment.

The Company recognizes transfers in and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurred. There were no significant transfers in or out of Level 3 assets during the years ended February 28, 2023, February 28, 2022 or February 28, 2021.

For a description of how the fair values of the Debentures were determined, see the "Convertible debentures" accounting policies in Note 1. The 3.75% Debentures were classified as Level 2 and the 1.75% Debentures are classified as Level 3. For a description of how the fair value of the CEO Contingent Cash Award (as defined in Note 7) was determined, see the "2019 Executive Chair Incentive Grant" section of Note 7(b).

Non-Recurring Fair Value Measurements

Upon the occurrence of certain events, the Company re-measures the fair value of non-marketable equity investments for which it utilizes the measurement alternative, and long-lived assets, including property, plant and equipment, operating lease ROU assets, intangible assets and goodwill if an impairment or observable price adjustment is recognized in the current period.

Non-Marketable Equity Investments Measured Using the Measurement Alternative

Non-marketable equity investments measured using the measurement alternative include investments in privately held companies without readily determinable fair values in which the Company does not own a controlling interest or have significant influence. The estimation of fair value used in the fair value measurements required the use of significant unobservable inputs, and as a result, the fair value measurements were classified as Level 3.

Goodwill Impairment

During the fourth quarter of fiscal 2023, as part of its process for setting the annual operating plan for fiscal 2024, the Company updated its estimates of long-term future cash flows to reflect lower revenue and EBITDA growth rate expectations and a reduction in revenue multiples used in the valuation of the BlackBerry Spark reporting unit. These changes in estimates, combined with the global economic weakness and inflation resulting directly or indirectly from the COVID-19 pandemic and the Russian invasion of Ukraine, higher interest rates implemented in response to inflation, and a broad-based stock market decline impacting the Company's market capitalization, resulted in the recognition of a goodwill impairment charge of $245 million in the BlackBerry Spark reporting unit, which is included within the Company's Cybersecurity segment as disclosed in Note 12. Based on the results of the annual goodwill impairment test for the BlackBerry Spark reporting unit, based on the income approach using a discounted future cash flow model and market-based approaches, it was concluded that the carrying value exceeded its fair value, necessitating an impairment charge for the amount of excess and reducing the carrying value of goodwill. The estimated fair values of the Company's other reporting units substantially exceeded their carrying values as at the annual goodwill impairment test date.

Assumptions and estimates about future cash flows and discount rates are complex and often subjective and require significant judgement. The analysis is dependent on internal forecasts, estimation of the long-term rates of revenue growth for the Company's reporting units, estimation of the useful life over which cash flows will occur, terminal growth rates, profitability measures, and determination of the discount rates for the reporting units.

During the year ended February 28, 2022, there were no goodwill impairment charges. In its annual goodwill impairment test in the fourth quarter of fiscal 2022, the Company's estimates indicated the fair values of all its reporting units substantially exceeded their carrying values, such carrying values were expected to be recovered, and there was no goodwill impairment.

During the year ended February 28, 2021, as a result of the deterioration in economic conditions caused by the global COVID-19 pandemic and its impact on the Company's reporting units, and the decline of the trading value of the Company's capital stock below the Company's consolidated carrying value, the Company determined that it was more likely than not that the fair value of at least one of its reporting units was lower than its carrying value after including goodwill. As a result, the Company completed an analysis of the fair value of its reporting units to compare against their respective carrying values as of May 31, 2020. Based on the results of the goodwill impairment test, it was concluded that the carrying value of one reporting unit exceeded its fair value, necessitating an impairment charge for the amount of excess and reducing the carrying value of goodwill. Consequently, the Company recorded a goodwill impairment charge of $594 million in the BlackBerry Spark reporting unit. The estimated fair values of the Company's other reporting units substantially exceeded their carrying values at May 31, 2020.

Impairment of Long-Lived Assets ("LLA")

During the fourth quarter of fiscal 2023, market conditions and changes in the Company's estimates as described above under "Goodwill Impairment" provided indicators of potential impairment in the Company's UES asset group, which is primarily composed of intangible assets recognized in the acquisition of Cylance and is included within the Company's Cybersecurity segment as disclosed in Note 12. The Company performed the two-step impairment testing process as described in Note 1, utilizing the income approach using a discounted future cash flow model and market-based approaches, and concluded that the carrying values of the Company's UES asset group exceeded their fair values, necessitating an impairment charge of $231 million. None of the Company's other asset groups demonstrated indicators of potential impairment.

Assumptions and estimates about future cash flows and discount rates are complex and often subjective and require significant judgement. The analysis is dependent on internal forecasts, estimation of the long-term growth rates for revenue and cash flows associated with the Company's asset groups, estimation of the useful life over which those cash flows will occur, terminal growth rates, profitability measures, and determination of the discount rates for the asset groups.

In addition, the Company exited certain leased facilities during the year ended February 28, 2023 and is in the process of seeking subleases for those properties. The Company recorded a non-cash, pre-tax and after-tax impairment charge of $4 million related to the operating lease right-of-use ("ROU") assets for those facilities. The impairment was determined by comparing the fair value of the impacted ROU asset to the carrying value of the asset as of the impairment measurement date, as required under ASC Topic 360, Property, Plant, and Equipment, using Level 2 inputs. The fair value of the ROU asset was based on the estimated sublease income for certain facilities taking into consideration the time period it will take to obtain a sublessor, the applicable discount rate and the sublease rate. The Company conducts an evaluation of the related liabilities and expenses and revises its assumptions and estimates as appropriate as new or updated information becomes available.

During the year ended February 28, 2022, there were no LLA impairment charges.

During the year ended February 28, 2021, the Company recorded a non-cash, pre-tax and after-tax impairment charge of $46 million consisting of $37 million related to operating lease ROU assets for certain facilities and $9 million related to property, plant and equipment associated with those facilities. In addition, the Company also recorded a decrease to its lease liabilities of $3 million associated with certain leased facilities with an early termination option, which has been included as a partial offset in impairment of long-lived assets on the Company's consolidated statements of operations. The Company conducts an evaluation of the related liabilities and expenses and revises its assumptions and estimates as appropriate as new or updated information becomes available.

Cash, Cash Equivalents and Investments

The components of cash, cash equivalents and investments by fair value level as at February 28, 2023 were as follows:

	Cost Basis [(1)]	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash and Cash Equivalents
Bank balances	$ 89	$ —	$ —	$ 89	$ 87	$ —	$ —	$ 2
Other investments	26	2	—	28	—	—	28	—
	115	2	—	117	87	—	28	2
Level 1:								
Equity securities	10	—	(10)	—	—	—	—	—
Level 2:								
Term deposits and certificates of deposits	33	—	—	33	8	—	—	25
Bearer deposit notes	82	—	—	82	82	—	—	—
Commercial paper	159	—	—	159	108	51	—	—
Non-U.S. promissory notes	45	—	—	45	—	45	—	—
Non-U.S. government sponsored enterprise notes	30	—	—	30	10	20	—	—
Corporate notes/bonds	15	—	—	15	—	15	—	—
	364	—	—	364	208	131	—	25
Level 3:								
Other investments	2	4	—	6	—	—	6	—
	$ 491	$ 6	$ (10)	$ 487	$ 295	$ 131	$ 34	$ 27

[(1)] Cost basis for other investments includes the effect of returns of capital and impairment.

The components of cash, cash equivalents and investments by fair value level as at February 28, 2022 were as follows:

	Cost Basis [1]	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash and Cash Equivalents
Bank balances	$ 105	$ —	$ —	$ 105	$ 104	$ —	$ —	$ 1
Other investments	8	—	—	8	—	—	8	—
	113	—	—	113	104	—	8	1
Level 1:								
Equity securities	10	—	(9)	1	—	1	—	—
Level 2:								
Term deposits, certificates of deposits, and GIC's	157	—	—	157	65	65	—	27
Bankers' acceptances/ bearer deposit notes	58	—	—	58	58	—	—	—
Commercial paper	247	—	—	247	62	185	—	—
Non-U.S. promissory notes	71	—	—	71	46	25	—	—
Non-U.S. government sponsored enterprise notes	58	—	—	58	—	58	—	—
Non-U.S. treasury bills/ notes	43	—	—	43	43	—	—	—
	634	—	—	634	274	333	—	27
Level 3:								
Other investments	17	5	—	22	—	—	22	—
	$ 774	$ 5	$ (9)	$ 770	$ 378	$ 334	$ 30	$ 28

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[1] Cost basis for other investments includes the effect of returns of capital and impairment.

As at February 28, 2023, the Company had non-marketable equity investments without readily determinable fair value of $34 million (February 28, 2022 - $30 million). During the year ended February 28, 2023, there was no impairment recognized relating to non-marketable equity investments without readily determinable fair value (February 28, 2022 and February 28, 2021 - nil). As of February 28, 2023, the Company has recorded a cumulative impairment of $3 million to the carrying value of certain other non-marketable equity investments without readily determinable fair value (February 28, 2022 - $3 million).

During the year ended February 28, 2022, the Company received a distribution from a non-marketable equity investment without readily determinable fair value in the amount of $35 million, which for accounting purposes, consisted of a return of capital of $13 million and a realized gain of $22 million included in investment income (loss), net on the Company's consolidated statements of operations.

There were no realized gains or losses on available-for-sale securities for the year ended February 28, 2023 (February 28, 2022 and February 28, 2021 - nil).

The Company has restricted cash and cash equivalents, consisting of cash and securities pledged as collateral to major banking partners in support of the Company's requirements for letters of credit. These letters of credit support certain leasing arrangements entered into in the ordinary course of business. The letters of credit are for terms ranging from one month to three years. The Company is legally restricted from accessing these funds during the term of the leases for which the letters of credit have been issued; however, the Company can continue to invest the funds and receive investment income thereon.

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents as at February 28, 2023, February 28, 2022 and February 28, 2021 from the consolidated balance sheets to the consolidated statements of cash flows:

	As at		
	February 28, 2023	February 28, 2022	February 28, 2021
Cash and cash equivalents	$ 295	$ 378	$ 214
Restricted cash and cash equivalents	27	28	4
Total cash, cash equivalents, restricted cash, and restricted cash equivalents presented in the consolidated statements of cash flows	$ 322	$ 406	$ 218

The contractual maturities of available-for-sale investments as at February 28, 2023 and February 28, 2022 were as follows:

	As at			
	February 28, 2023		February 28, 2022	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Due in one year or less	$ 364	$ 364	$ 634	$ 634
No fixed maturity	10	—	10	1
	$ 374	$ 364	$ 644	$ 635

As at February 28, 2023 and February 28, 2022, the Company had no available-for-sale debt securities with continuous unrealized losses.

4. CONSOLIDATED BALANCE SHEET DETAILS

Accounts Receivable, Net of Allowance

The allowance for credit losses as at February 28, 2023 was $1 million (February 28, 2022 - $4 million).

The Company recognizes current estimated credit losses (“CECL”) for accounts receivable. The CECL for accounts receivable are estimated based on days past due and region for each customer in relation to a representative pool of assets consisting of a large number of customers with similar risk characteristics that operate under similar economic environments. The Company determined the CECL by estimating historical credit loss experience based on the past due status and region of the customers, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately. The Company also has long-term accounts receivable included in Other Long-term Assets. The CECL for long-term accounts receivable is estimated using the probability of default method and the default exposure due to limited historical information. The exposure of default is represented by the assets’ amortized carrying amount at the reporting date.

The following table sets forth the activity in the Company's allowance for credit losses:

	Carrying Amount
Beginning balance as of February 28, 2021	$ 10
Prior period recovery for expected credit losses	(2)
Write-offs charged against the allowance	(4)
Ending balance of the allowance for credit loss as at February 28, 2022	4
Current period provision for expected credit losses	1
Write-offs charged against the allowance	(4)
Ending balance of the allowance for credit loss as at February 28, 2023	$ 1

The allowance for credit losses as at February 28, 2023 consists of $1 million (February 28, 2022 - $2 million) relating to CECL estimated based on days past due and region and nil (February 28, 2022 - $2 million) relating to specific customers that were evaluated separately.

There were two customers that comprised more than 10% of accounts receivable as at February 28, 2023 (February 28, 2022 - no customer comprised more than 10%).

Other Receivables

As at February 28, 2023, other receivables included items such as claims filed with the Ministry of Innovation, Science and Economic Development Canada relating to its Strategic Innovation Fund program's investment in BlackBerry QNX, among other items, none of which were greater than 5% of the current assets balance.

As at February 28, 2022, other receivables included items such as receivables from the Government of Canada's Hardest-Hit Business Recovery Program ("HHBRP") and an intellectual property licensing receivable, among other items, none of which were greater than 5% of the current assets balance.

Other Current Assets

Other current assets comprised the following:

	As at	
	February 28, 2023	February 28, 2022
Intellectual property	$ 141	$ 118
Other	41	41
	$ 182	$ 159

On March 21, 2023, the Company entered into an agreement to sell substantially all of the Company's non-core patent assets to Malikie Innovations Limited ("Malikie") for $170 million in cash on closing, an additional $30 million in cash by no later than the third anniversary of closing and potential future royalties in the aggregate amount of up to $900 million. Contemporaneously, the Company also terminated a prior agreement with Catapult IP Innovations, Inc. ("Catapult") relating to the proposed sale of the patent portfolio subject to the Malikie agreement as well as certain additional non-core patents. See Note 14 on subsequent events.

For the year ended February 28, 2022, the Company had classified $118 million of intellectual property that were to be sold under the terminated patent sale agreement with Catapult as other current assets on the Company's consolidated balance sheets. As at February 28, 2023, the Company continued to classify $141 million of intellectual property, which included the initial $118 million referred to above with additions related to patent maintenance, as other current assets on the Company's consolidated balance sheets.

Other current assets also included items such as the current portion of deferred commissions and prepaid expenses, among other items, none of which were greater than 5% of the current assets balance in any of the periods presented.

Property, Plant and Equipment, Net

Property, plant and equipment comprised the following:

	As at	
	February 28, 2023	February 28, 2022
Cost		
BlackBerry operations and other information technology	$ 84	$ 92
Leasehold improvements and other	19	53
Furniture and fixtures	9	10
Manufacturing, repair and research and development equipment	2	1
	114	156
Accumulated amortization	89	115
Net book value	$ 25	$ 41

For the year ended February 28, 2023, amortization expense related to property, plant and equipment amounted to $12 million (February 28, 2022 - $15 million; February 28, 2021 - $21 million).

Sale of Property, Plant and Equipment, Net

During the year ended February 28, 2023, the Company sold its corporate aircraft. As a result, the Company recorded proceeds of approximately $17 million and incurred a gain on disposal of approximately $6 million (cost of $29 million, accumulated amortization of $18 million, and a net book value of approximately $11 million).

Intangible Assets, Net

Intangible assets comprised the following:

	As at February 28, 2023		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 900	$ 824	$ 76
Other acquired intangibles	386	318	68
Intellectual property	123	64	59
	$ 1,409	$ 1,206	$ 203

	As at February 28, 2022		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 1,023	$ 776	$ 247
Other acquired intangibles	494	283	211
Intellectual property	117	53	64
	$ 1,634	$ 1,112	$ 522

For the year ended February 28, 2023, amortization expense related to intangible assets amounted to $93 million (February 28, 2022 - $161 million; February 28, 2021 - $177 million).

Total additions to intangible assets in fiscal 2023 amounted to $34 million (fiscal 2022 - $31 million) and included additions related to patent maintenance classified as other current assets on the Company's consolidated balance sheets. During fiscal 2023, additions to intangible assets primarily consisted of payments for intellectual property relating to patent maintenance, registration and license fees.

The Company recorded an impairment charge of $231 million in fiscal 2023, see Note 3 for further details.

Based on the carrying value of the identified intangible assets as at February 28, 2023, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the succeeding years is expected to be as follows: fiscal 2024 - $47 million; fiscal 2025 - $41 million; fiscal 2026 - $37 million; fiscal 2027 - $32 million and fiscal 2028 - $19 million.

The weighted average remaining useful lives of the intangible assets are as follows:

	As at	
	February 28, 2023	February 28, 2022
Acquired technology	4.0 years	5.1 years
Other acquired intangibles	4.5 years	5.7 years
Intellectual property	6.8 years	7.5 years

Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 28, 2023, February 28, 2022 and February 28, 2021 were as follows:

	Carrying Amount
Carrying amount as at February 29, 2020	$ 1,437
Goodwill impairment charge (note 3)	(594)
Effect of foreign exchange on non-U.S. dollar denominated goodwill	6
Carrying amount as at February 28, 2021	849
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(5)
Carrying amount as at February 28, 2022	844
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(4)
Goodwill impairment charge (note 3)	(245)
Carrying amount as at February 28, 2023	$ 595

Other Long-term Assets

As at February 28, 2023 and February 28, 2022, other long-term assets included long-term portion of deferred commission and long-term receivables, among other items, none of which were greater than 5% of total assets in any of the periods presented.

Accrued Liabilities

Accrued liabilities comprised the following:

	As at	
	February 28, 2023	February 28, 2022
Accrued royalties	$ 20	$ 20
Operating lease liabilities, current (note 11)	24	28
Other	99	109
	$ 143	$ 157

Other accrued liabilities include variable incentive accrual, accrued director fees, accrued vendor liabilities, accrued carrier liabilities and payroll withholding taxes, among other items, none of which were greater than 5% of the current liabilities balance in any of the periods presented.

5. INCOME TAXES

The difference between the amount of the provision for (recovery of) income taxes and the amount computed by multiplying income (loss) before income taxes by the statutory Canadian tax rate is reconciled as follows:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Statutory Canadian tax rate	26.5 %	26.5 %	26.5 %
Expected provision for (recovery of) income taxes	$ (191)	$ 5	$ (295)
Differences in income taxes resulting from:			
Valuation allowance	125	(9)	205
Investment tax credits	(10)	7	(41)
Change in unrecognized income tax benefits	1	(2)	(48)
Foreign tax rate differences	10	3	3
Non-deductible permanent differences	5	3	13
Goodwill impairment	65	—	158
Other differences	9	—	(4)
	$ 14	$ 7	$ (9)

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Income (loss) before income taxes:			
Canadian	$ (128)	$ 133	$ (383)
Foreign	(592)	(114)	(730)
	$ (720)	$ 19	$ (1,113)

The provision for (recovery of) income taxes consists of the following:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Current			
Canadian	$ 1	$ (1)	$ (2)
Foreign	13	8	(7)
	$ 14	$ 7	$ (9)

Deferred income tax assets and liabilities consist of the following temporary differences:

	As at	
	February 28, 2023	February 28, 2022
Assets		
Property, plant, equipment and intangibles assets	$ 264	$ 262
Non-deductible reserves	44	44
Minimum taxes	207	207
Debentures (note 6)	1	37
Research and development	390	379
Tax loss carryforwards	495	441
Other	122	104
Deferred income tax assets	1,523	1,474
Valuation allowance	1,492	1,367
Deferred income tax assets net of valuation allowance	31	107
Liabilities		
Property, plant, equipment and intangibles assets	(31)	(107)
Deferred income tax liabilities	(31)	(107)
Net deferred income tax asset (liability)	$ —	$ —

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will be realized.

In evaluating the need for a valuation allowance, the Company noted that there had been three years of cumulative losses, including fiscal 2023. In fiscal 2023, the Company saw an increase in the deferred tax valuation allowance of $125 million (February 28, 2022 - increase of $7 million). As a result, the deferred tax valuation allowance had an ending balance of $1,492 million (February 28, 2022 - $1,367 million). This accounting treatment has no effect on the Company’s ability to utilize deferred tax assets to reduce future cash tax payments. The Company will continue to assess the likelihood that the deferred tax assets will be realizable at each reporting period and the valuation allowance will be adjusted accordingly.

The Company's total unrecognized income tax benefits as at February 28, 2023 and February 28, 2022 were $21 million and $20 million, respectively. A reconciliation of the beginning and ending amount of unrecognized income tax benefits that, if recognized, would affect the Company's effective income tax rate is as follows:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Unrecognized income tax benefits, opening balance	$ 20	$ 24	$ 72
Increase for income tax positions of current year	1	—	2
Settlement of tax positions	—	(4)	(50)
Unrecognized income tax benefits, ending balance	$ 21	$ 20	$ 24

As at February 28, 2023, $21 million of the unrecognized tax benefits have been netted against deferred income taxes and nil has been recorded within income taxes payable on the Company's consolidated balance sheets.

A summary of open tax years by major jurisdiction is presented below:

Jurisdiction	
Canada [1]	Fiscal 2016 - 2023
United States [2]	Fiscal 2020 - 2023
United Kingdom	Fiscal 2022 - 2023

(1) Includes federal as well as provincial jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2019 through fiscal 2023.

The Company is subject to ongoing examination by tax authorities in the jurisdictions in which it operates. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income taxes, as well as the provisions for indirect and other taxes and related penalties and interest. The Company believes it is reasonably possible that approximately nil of its gross unrecognized income tax benefits will be realized in the next twelve months. While the final resolution of these audits is uncertain, the Company believes the ultimate resolution of these audits will not have a material adverse effect on its consolidated financial position, liquidity or results of operations.

The Company recognizes interest and penalties related to unrecognized income tax benefits as interest expense that is netted and reported within investment income, net. The amount of interest accrued as at February 28, 2023 was approximately $3 million (February 28, 2022 - approximately $3 million). The amount of penalties accrued as at February 28, 2023 was nil (February 28, 2022 - nil).

As at February 28, 2023, the Company has the following net operating loss carryforwards and tax credits, which are scheduled to expire in the following years:

Year of Expiry	Net Operating Losses	Research and Development Tax Credits [1]	Minimum Taxes
2029	$ 10	$ —	$ 1
2030	—	—	108
2031	1	12	72
2032	28	1	22
2033	88	133	—
2034	96	124	—
2035	92	52	4
2036	353	40	—
2037	492	23	—
2038	199	17	—
2039	13	14	—
2040	—	13	—
2041	—	8	—
2042	—	11	—
2043	189	12	—
Indefinite	349	22	—
	$ 1,910	$ 482	$ 207

(1) Includes federal, provincial and state balances.

6. DEBENTURES

1.75% Convertible Debentures

On September 1, 2020, Hamblin Watsa Investment Counsel Ltd., in its capacity as investment manager of Fairfax Financial Holdings Limited ("Fairfax"), and another institutional investor invested in the Company through a $365 million private placement of new debentures (the "1.75% Debentures"), which replaced $605 million of debentures issued in a private placement on September 7, 2016 (the "3.75% Debentures") as described below (collectively, the "Debentures").

Interest on the 1.75% Debentures is payable quarterly in arrears at a rate of 1.75% per annum. The 1.75% Debentures mature on November 13, 2023 and each $1,000 of 1.75% Debentures is convertible at any time into 166.67 common shares of the Company, for a total of 60.8 million common shares at a price of $6.00 per share for all 1.75% Debentures, subject to adjustments. Covenants associated with the 1.75% Debentures include limitations on the Company's total indebtedness.

Under specified events of default, the outstanding principal and any accrued interest on the 1.75% Debentures become immediately due and payable upon request of holders holding not less than 25% of the principal amount of the 1.75% Debentures then outstanding. During an event of default, the interest rate rises to 5.75% per annum.

The 1.75% Debentures are subject to a change of control provision whereby the Company would be required to make an offer to repurchase the 1.75% Debentures at 115% of par value if a person or group (not affiliated with Fairfax) acquires 35% of the Company's outstanding common shares, acquires all or substantially all of its assets, or if the Company merges with another entity and the Company's existing shareholders hold less than 50% of the common shares of the surviving entity. Additionally, the 1.75% Debentures cannot be converted to the extent that, after giving effect to the conversion, the holder would beneficially own or exercise control or direction over more than 19.99% of the Company's then issued and outstanding shares (the "Blocker Provision").

Due to the conversion option and other embedded derivatives within the 1.75% Debentures, and consistent with the Company's accounting for the 3.75% Debentures, the Company has elected to record the 1.75% Debentures, including the debt itself and all embedded derivatives, at fair value and present the 1.75% Debentures as a single hybrid financial

instrument. No portion of the fair value of the 1.75% Debentures has been recorded as equity, nor would be if the embedded derivatives were bifurcated from the host debt contract.

Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures associated with non-credit components are recognized in income, while the change in fair value associated with credit components is recognized in AOCL. The fair value of the 1.75% Debentures has been determined using the significant Level 2 inputs interest rate curves, the market price and volatility of the Company's listed common shares, and the significant Level 3 inputs related to credit spread and the implied discount of the 1.75% Debentures at issuance.

The Company originally determined its credit spread by calibrating to observable trades of the 3.75% Debentures and trending the calibrated spread to valuation dates utilizing an appropriate credit index. The Company's credit spread was determined to be 7.90% as of the issuance date of the 1.75% Debentures and 7.12% as of February 28, 2023. An increase in credit spread will result in a decrease in the fair value of 1.75% Debentures and vice versa. The fair value of the 1.75% Debentures on September 1, 2020 was determined to be approximately $456 million and the implied discount approximately $91 million. The Company determined the implied discount on the 1.75% Debentures by calculating the fair value of the 1.75% Debentures on September 1, 2020 utilizing the above credit spread and other inputs described above.

The following table summarizes the change in fair value of the 1.75% Debentures for the fiscal year ended February 28, 2023, February 28, 2022 and February 28, 2021 which also represents the total changes through earnings of items classified as Level 3 in the fair value hierarchy:

	As at
	February 28, 2023
Balance as at February 28, 2021	$ 720
Change in fair value of the 1.75% Debentures	(213)
Balance as at February 28, 2022	507
Change in fair value of the 1.75% Debentures	(140)
Balance as at February 28, 2023	$ 367

The difference between the fair value of the 1.75% Debentures and the unpaid principal balance of $365 million is $2 million.

The following table shows the impact of the changes in fair value of the 1.75% Debentures for the years ended February 28, 2023, February 28, 2022 and February 28, 2021:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Income (charge) associated with the change in fair value from non-credit components recorded in the consolidated statements of operations	$ 138	$ 212	$ (347)
Income (charge) associated with the change in fair value from instrument-specific credit components recorded in AOCL	2	1	(8)
Total decrease (increase) in the fair value of the 1.75% Debentures	$ 140	$ 213	$ (355)

For the year ended February 28, 2023, the Company recorded interest expense related to the Debentures of $6 million, which has been included in investment income (loss), net on the Company's consolidated statements of operations (fiscal 2022 - $6 million; fiscal 2021 - $15 million). The Company is required to make quarterly interest-only payments of approximately $2 million during the remaining term the 1.75% Debentures are outstanding.

Fairfax, a related party under U.S. GAAP due to its beneficial ownership of common shares in the Company after taking into account potential conversion of the Debentures, owned $500 million principal amount of the 3.75% Debentures and purchased $330 million principal amount of the 1.75% Debentures. As such, the redemption of Fairfax's portion of the 3.75% Debentures, the investment by Fairfax in the 1.75% Debentures and the payment of interest on the Debentures to Fairfax represent related party transactions. Fairfax receives interest at the same rate as other holders of the Debentures.

As at February 28, 2023 the $365 million principal value of the 1.75% Debentures is a current liability that will mature on November 13, 2023. Cash, cash equivalents, and investments were approximately $487 million as at February 28, 2023.

The Company has the ability to access other potential financing arrangements on commercially reasonable terms; for disclosure of liquidity risk, see Note 13.

3.75% Convertible Debentures

On September 7, 2016, Fairfax and other institutional investors invested in the Company through a $605 million private placement of the 3.75% Debentures. The terms of the 3.75% Debentures were substantially similar to those of the 1.75% Debentures, except that the 3.75% Debentures had a higher interest rate, were convertible into common shares at a price of $10.00 per common share, were subject to a lower approval threshold for extraordinary resolutions, did not contain the Blocker Provision and had a maturity date of November 13, 2020.

On July 22, 2020, the Company announced that, with the required approval of the holders of the 3.75% Debentures, it would redeem the 3.75% Debentures for a redemption amount of approximately $615 million (the "Redemption Amount"), which would settle all outstanding obligations of the Company in respect of the 3.75% Debentures. The redemption was completed on September 1, 2020. As the Redemption Amount represented fair value at August 31, 2020 and the Company elected the fair value option for the 3.75% Debentures, the impact to the consolidated statements of operations of the redemption on the fair value was recorded in the second quarter of fiscal 2021. A portion of the fair value associated with changes in instrument-specific credit components in the amount of $6 million remained in OCI until redemption on September 1, 2020 at which point $6 million was discharged to the consolidated statement of operations and is included in the table below.

The following table shows the impact of the changes in fair value of the 3.75% Debentures for the year ended February 28, 2021:

	February 28, 2021
Charge associated with the change in fair value from non-credit components recorded in the consolidated statements of operations	$ (19)
Income associated with the change in fair value from instrument-specific credit components recorded in AOCL	15
Realized charges associated with the change in fair value from credit components recorded in the consolidated statements of operations on redemption	(6)
Realized charges associated with the change in fair value from credit components released from AOCL on redemption	6
Total increase in the fair value of the 3.75% Debentures	$ (4)

7. CAPITAL STOCK

(a) Capital Stock

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting, redeemable, retractable Class A common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. As at February 28, 2023 and February 28, 2022, there were no Class A common shares or preferred shares outstanding.

The following details the changes in issued and outstanding common shares for the years ended February 28, 2023, February 28, 2022 and February 28, 2021:

	Capital Stock and Additional Paid-in Capital	
	Stock Outstanding (000s)	Amount
Common shares outstanding as at February 29, 2020	554,199	$ 2,760
Exercise of stock options	3,072	12
Common shares issued for restricted share unit settlements	5,330	—
Stock-based compensation	—	44
Common shares issued related to Exchange Shares	1,380	—
Common shares issued for employee share purchase plan	1,524	7
Common shares outstanding as at February 28, 2021	565,505	2,823
Exercise of stock options	555	3
Common shares issued for restricted share unit settlements	8,011	—
Stock-based compensation	—	36
Common shares issued related to Exchange Shares	1,422	—
Common shares issued for employee share purchase plan	735	7
Common shares outstanding as at February 28, 2022	576,228	2,869
Exercise of stock options	97	—
Common shares issued for restricted share unit settlements	4,872	—
Stock-based compensation	—	34
Common shares issued for employee share purchase plan	960	6
Common shares outstanding as at February 28, 2023	582,157	$ 2,909

Common shares (the "Exchange Shares") were issued in connection with the Cylance acquisition, which was completed on February 21, 2019. In lieu of cash, a portion of the consideration owed to certain Cylance shareholders was paid in equal installments of Exchange Shares on the first three anniversary dates of the closing.

The Company had 582 million voting common shares outstanding, 0.5 million options to purchase voting common shares, 20 million RSUs and 2 million DSUs outstanding as at March 28, 2023. In addition, 60.8 million common shares are issuable upon conversion in full of the 1.75% Debentures as described in Note 6.

(b) Stock-based Compensation

Stock options

The Company recorded a charge to income and a credit to paid-in capital of approximately nil in fiscal 2023 (fiscal 2022 - $2 million; fiscal 2021 - $6 million) in relation to stock option-based compensation expense.

Stock options previously granted under the Equity Plan generally vest over a period of three years, and are generally exercisable over a period of five years from the grant date. Replacement stock options granted under the Cylance Stock Plan generally vest between three months and four years and are generally exercisable over a period of five to ten years. The Company issues new shares to satisfy stock option exercises.

A summary of option activity for fiscal 2023 is shown below:

	Options Outstanding			
	Number (000's)	Weighted Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2022	728	$ 4.70		
Exercised during the year	(97)	3.59		
Forfeited/canceled/expired during the year	(142)	5.71		
Balance as at February 28, 2023	489	$ 4.63	4.74	$ —
Vested and expected to vest as at February 28, 2023	489	$ 4.63	4.74	$ —
Exercisable as at February 28, 2023	489	$ 4.63	4.74	$ —

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been received by the option holders if all in-the-money options had been exercised on February 28, 2023. The intrinsic value of stock options exercised during fiscal 2023, calculated using the average market price during the year, was approximately $1.78 per share (February 28, 2022 - $5.35; February 28, 2021 - $2.22).

A summary of unvested stock options since February 28, 2022 is shown below:

	Options Outstanding	
	Number (000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2022	59	$ 4.26
Vested during the year	(49)	4.29
Forfeited during the year	(10)	4.11
Balance as at February 28, 2023	—	$ —

As at February 28, 2023, there was no unrecognized stock-based compensation expense related to unvested stock options. The total fair value of stock options vested during the year ended February 28, 2023 was nominal (February 28, 2022 - $1 million; February 28, 2021 - $6 million).

Cash received from the stock options exercised for the year ended February 28, 2023 was nominal (February 28, 2022 - $3 million; February 28, 2021 - $12 million). There were no tax deficiencies incurred by the Company related to stock options exercised as at February 28, 2023 (February 28, 2022 - tax deficiency of nil; February 28, 2021 - tax deficiency of nil).

During the year ended February 28, 2023, there were no stock options granted (February 28, 2022 - nil; February 28, 2021 - nil).

Restricted share units

The Company recorded compensation expense with respect to RSUs of approximately $34 million in the year ended February 28, 2023 (February 28, 2022 - $35 million; February 28, 2021 - $38 million).

A summary of RSU activity during fiscal 2023 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2022	15,618	$ 8.79		
Granted during the year	11,883	4.29		
Vested during the year	(4,872)	8.14		
Forfeited/cancelled during the year	(2,989)	7.64		
Balance as at February 28, 2023	19,640	$ 5.92	1.70	$ 76
Expected to vest February 28, 2023	14,101	$ 5.86	1.71	$ 55

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the aggregate closing share price of the Company's common shares on February 28, 2023 that would have been received by RSU holders if all RSUs had been vested on February 28, 2023).

Tax deficiencies incurred by the Company related to the RSUs vested were nil for the year ended February 28, 2023 (February 28, 2022 - tax deficiency of nil; February 28, 2021 - tax deficiency of nil).

As at February 28, 2023, there was $68 million of unrecognized compensation expense related to RSUs that will be expensed over the vesting period, which, on a weighted average basis, results in a period of approximately 1.57 years.

During the year ended February 28, 2023, there were 11,882,500 RSUs granted (February 28, 2022 - 6,195,827), all of which will be settled upon vesting by the issuance of new common shares.

During the year ended February 28, 2023, the weighted average fair value for RSUs granted was $4.29 (February 28, 2022 - $9.72; February 28, 2021 - $5.54). During the year ended February 28, 2023, the fair value of RSUs that vested was $40 million (February 28, 2022 - $69 million; February 28, 2021 - $44 million).

2019 Executive Chair Incentive Grant

In the first quarter of fiscal 2019, the Board approved an agreement to grant a time-based equity award, a long-term market performance-based equity award and a contingent cash award (together, the "2019 Executive Chair Grant") to the Company's Executive Chair and CEO as an incentive to remain as Executive Chair until November 3, 2023. The expense associated with the time-based equity award and market performance-based equity award is included in the compensation expense noted above.

Contingent cash award

The contingent cash award consists of a cash amount of $90 million that becomes payable should the 10-day volume weighted average closing price of the Company's common shares on the New York Stock Exchange reach $30 ("CEO Contingent Cash Award"). As the award is triggered by the Company's share price, it is considered stock-based compensation and accounted for as a share-based liability award, the fair value of which is determined at each reporting period end utilizing an option pricing model using Level 2 inputs and the associated compensation expense (or reversal) for the reporting period recorded. The contingent cash award will terminate on November 3, 2023. The Company recorded a reversal of compensation expense with respect to the contingent cash award of approximately $2 million for the year ended February 28, 2023 (February 28, 2022 - reversal of expense of $6 million; February 28, 2021 - compensation expense of $8 million). The liability recorded in respect to the award was nominal as at February 28, 2023 and is included within accrued liabilities (February 28, 2022 - $2 million).

Deferred share units

The Company issued 302,173 DSUs and redeemed 273,836 DSUs in the year ended February 28, 2023. There were 1.6 million DSUs outstanding as at February 28, 2023 (February 28, 2022 - 1.6 million). The Company had a liability of $6 million in relation to the DSU Plan as at February 28, 2023 (February 28, 2022 - $11 million) included in accrued liabilities.

8. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Net income (loss) for basic earnings (loss) per share available to common shareholders	$ (734)	$ 12	$ (1,104)
Less: 1.75% Debentures fair value adjustment [(1) (2)]	(138)	(212)	—
Add: interest expense on 1.75% Debentures [(1) (2)]	6	6	—
Net loss for diluted loss per share available to common shareholders	$ (866)	$ (194)	$ (1,104)
Weighted average number of shares outstanding (000's) - basic [(3)(4)]	578,654	570,607	561,305
Effect of dilutive securities (000's)			
Conversion of 1.75% Debentures [(1) (2)]	60,833	60,833	—
Weighted average number of shares and assumed conversions (000's) diluted	639,487	631,440	561,305
Earnings (loss) per share - reported			
Basic	$ (1.27)	$ 0.02	$ (1.97)
Diluted	$ (1.35)	$ (0.31)	$ (1.97)

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(1) The Company has not presented the dilutive effect of the 1.75% Debentures using the if-converted method in the calculation of diluted loss per share for the year ended February 28, 2021, as to do so would be antidilutive. See Note 6 for details on the 1.75% Debentures.

(2) The Company has presented the dilutive effect of the 1.75% Debentures using the if-converted method, assuming conversion at the beginning of the fiscal year for the years ended February 28, 2023 and February 28, 2022. Accordingly, to calculate diluted loss per share, the Company adjusted net income (loss) by eliminating the fair value adjustment made to the 1.75% Debentures and interest expense incurred on the 1.75% Debentures in the years ended February 28, 2023 and February 28, 2022, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 6 for details on the Debentures.

(3) The year ended February 28, 2021, included approximately 1,421,945 Exchange Shares that were subsequently issued on the third anniversary date of the Cylance acquisition completed on February 21, 2019 in consideration for the acquisition.

(4) The Company has not presented the dilutive effect of in-the-money options and RSUs that will be settled upon vesting by the issuance of new common shares in the calculation of diluted loss per share for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 as to do so would be antidilutive.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in AOCL by component net of tax, for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 were as follows:

	As At		
	February 28, 2023	February 28, 2022	February 28, 2021
Cash Flow Hedges			
Balance, beginning of period	$ —	$ 1	$ (1)
Other comprehensive income (loss) before reclassification	(3)	—	2
Amounts reclassified from AOCL into net income (loss)	2	(1)	—
Accumulated net unrealized gains (losses) on derivative instruments designated as cash flow hedges	$ (1)	$ —	$ 1
Foreign Currency Cumulative Translation Adjustment			
Balance, beginning of period	$ (10)	$ (4)	$ (9)
Other comprehensive income (loss)	(6)	(6)	5
Foreign currency cumulative translation adjustment	$ (16)	$ (10)	$ (4)
Change in Fair Value From Instrument-Specific Credit Risk On Debentures			
Balance, beginning of period	$ (8)	$ (9)	$ (22)
Other comprehensive income before reclassification	2	1	7
Amounts reclassified from AOCL into net income (loss)	—	—	6
Change in fair value from instruments-specific credit risk on Debentures	$ (6)	$ (8)	$ (9)
Other Post-Employment Benefit Obligations			
Actuarial losses associated with other post-employment benefit obligations	$ (1)	$ (1)	$ (1)
Accumulated Other Comprehensive Loss, End of Period	$ (24)	$ (19)	$ (13)

During the year ended February 28, 2023, $2 million in losses (pre-tax and post-tax) associated with cash flow hedges were reclassified from AOCL into selling, marketing and administration expenses (February 28, 2022 - $1 million in gains).

10. COMMITMENTS AND CONTINGENCIES

(a) Letters of Credit

The Company has $25 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business as of February 28, 2023. See the discussion of restricted cash in Note 3.

(b) Contingencies

Litigation

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company is subject to a variety of claims (including claims related to patent infringement, purported class actions and other claims in the normal course of business) and may be subject to additional claims either directly or through indemnities against claims that it provides to certain of its partners and customers. In particular, the industry in which the Company competes has many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. The Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights. Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Regardless of whether claims

against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources and subject the Company to significant liabilities.

Management reviews all of the relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range. The Company does not provide for claims for which the outcome is not probable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

As of February 28, 2023, there are no other material claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable; therefore, no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result; however, an estimate of the amount of loss cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent claims that have allegedly been infringed or the products that are alleged to infringe; damages sought are unspecified, unsupportable, unexplained or uncertain; discovery has not been started or is incomplete; the facts that are in dispute are highly complex; the difficulty of assessing novel claims; the parties have not engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of litigation.

The Company has included the following summaries of certain of its legal proceedings though they do not meet the test for accrual described above.

Between October and December 2013, several purported class action lawsuits and one individual lawsuit were filed against the Company and certain of its former officers in various jurisdictions in the U.S. and Canada alleging that the Company and certain of its officers made materially false and misleading statements regarding the Company's financial condition and business prospects and that certain of the Company's financial statements contain material misstatements. The individual lawsuit was voluntarily dismissed and the consolidated U.S. class actions reached an agreement in principle to settle; see "Litigation Settlement" below in this Note 10.

On July 23, 2014, the plaintiff in the putative Ontario class action (*Swisscanto Fondsleitung AG v. BlackBerry Limited, et al.*) filed a motion for class certification and for leave to pursue statutory misrepresentation claims. On November 17, 2015, the Ontario Superior Court of Justice issued an order granting the plaintiffs' motion for leave to file a statutory claim for misrepresentation. On December 2, 2015, the Company filed a notice of motion seeking leave to appeal this ruling. On November 15, 2018, the Court denied the Company's motion for leave to appeal the order granting the plaintiffs leave to file a statutory claim for misrepresentation. On February 5, 2019, the Court entered an order certifying a class comprised persons (a) who purchased BlackBerry common shares between March 28, 2013, and September 20, 2013, and still held at least some of those shares as of September 20, 2013, and (b) who acquired those shares on a Canadian stock exchange or acquired those shares on any other stock exchange and were a resident of Canada when the shares were acquired. Notice of class certification was published on March 6, 2019. The Company filed its Statement of Defence on April 1, 2019. Discovery is proceeding and the Court has not set a trial date.

On March 17, 2017, a putative employment class action was filed against the Company in the Ontario Superior Court of Justice (*Parker v. BlackBerry Limited*). The Statement of Claim alleges that actions the Company took when certain of its employees decided to accept offers of employment from Ford Motor Company of Canada amounted to a wrongful termination of the employees' employment with the Company. The claim seeks (i) an unspecified quantum of statutory, contractual, or common law termination entitlements; (ii) punitive or breach of duty of good faith damages of CAD$20 million, or such other amount as the Court finds appropriate, (iii) pre- and post- judgment interest, (iv) attorneys' fees and costs, and (v) such other relief as the Court deems just. The Court granted the plaintiffs' motion to certify the class action on May 27, 2019. The Company commenced a motion for leave to appeal the certification order on June 11, 2019. The Court denied the motion for leave to appeal on September 17, 2019. The Company filed its Statement of Defence on December 19, 2019. The parties participated in a mediation on November 9, 2022, which did not result in an agreement. Discovery is proceeding and the Court has not set a trial date.

Other contingencies

As at February 28, 2023, the Company has recognized $17 million (February 28, 2022 - $17 million) in funds from claims filed with the Ministry of Innovation, Science and Economic Development Canada relating to its Strategic Innovation

Fund ("SIF") program's investment in BlackBerry QNX. A portion of this amount may be repayable in the future under certain circumstances if certain terms and conditions are not met by the Company, which is not probable at this time.

(c) Litigation Settlement

On March 14, 2014, the four putative U.S. class actions were consolidated in the U.S. District Court for the Southern District of New York, and on May 27, 2014, a consolidated amended class action complaint was filed. On August 2, 2019, the Magistrate Judge issued a Report and Recommendation that the Court grant the defendants' motion for judgment on the pleadings dismissing the claims of additional plaintiffs Cho and Ulug. On September 24, 2019, the District Court Judge accepted the Magistrate Judge's recommendation and dismissed the claims of Cho and Ulug against all defendants. On January 26, 2021, the District Court granted the plaintiffs' motion for class certification. The class includes "all persons who purchased or otherwise acquired the common stock of BlackBerry Limited on the NASDAQ during the period from March 28, 2013, through and including September 20, 2013". The class excludes (a) all persons and entities who purchased or otherwise acquired the Company's common stock between March 28, 2013, and April 10, 2013, and who sold all their Company common stock before April 11, 2013, and (b) the defendants, officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which any of the Defendants have or had a controlling interest. The Second Circuit Court of Appeals affirmed the District Court judgment dismissing Cho and Ulug's claims on March 11, 2021, and denied Cho and Ulug's petition for panel rehearing and rehearing en banc on April 28, 2021. On April 6, 2022, the parties accepted a mediator's settlement proposal, and reached an agreement in principle to settle the U.S. consolidated actions for $165 million. The Stipulation of Settlement was executed effective June 7, 2022. On June 14, 2022, the Court granted plaintiffs' motion for preliminary approval of the settlement and scheduled the final approval hearing for September 29, 2022. In the first quarter of fiscal 2023, the Company accrued $165 million associated with this settlement within the line "Litigation settlement" on the consolidated statement of operations. On June 29, 2022, the Company paid $1 million of the settlement amount. The remaining $164 million was paid on September 6, 2022. On September 29, 2022, the Court granted final approval of the settlement and entered final judgment.

(d) Indemnifications

The Company enters into certain agreements that contain indemnification provisions under which the Company could be subject to costs and damages, including in the event of an infringement claim against the Company or an indemnified third party. Such intellectual property infringement indemnification clauses are generally not subject to any dollar limits and remain in effect for the term of the Company's agreements. To date, the Company has not encountered material costs as a result of such indemnifications.

The Company has entered into indemnification agreements with its current and former directors and executive officers. Under these agreements, the Company agreed, subject to applicable law, to indemnify its current and former directors and executive officers against all costs, charges and expenses reasonably incurred by such individuals in respect of any civil, criminal or administrative action that could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of the Company, and its current and former directors and executive officers. The Company has not encountered material costs as a result of such indemnifications in fiscal 2023.

11. LEASES

The Company has operating and finance leases primarily for corporate offices, research and development facilities, data centers and certain equipment. The Company's leases have remaining lease terms of between one year and five years, some of which may include options to extend the lease for up to 10 years, and some of which may include options to terminate the lease within one month.

The components of lease expense were as follows:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Operating lease cost, included in selling, marketing and administration	$ 20	$ 23	$ 30

Supplemental cash flow information related to leases was as follows:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Cash used in operating activities related to operating lease payments	$ 32	$ 37	$ 37

During the year ended February 28, 2023, the Company entered into $15 million (February 28, 2022 - $6 million) in lease obligations and recognized a corresponding ROU asset of $15 million (February 28, 2022 - $6 million).

During the year ended February 28, 2023, the Company incurred losses of $4 million (February 28, 2022 - nil; February 28, 2021 - $37 million) on LLA impairment of ROU assets, as described in Note 3. The Company also had sublease income during the year ended February 28, 2023 of $3 million (February 28, 2022 - $3 million; February 28, 2021 - $1 million) and incurred short-term lease costs of $2 million (February 28, 2022 - $2 million; February 28, 2021 - $2 million).

Supplemental consolidated balance sheet information related to leases was as follows:

	As at	
	February 28, 2023	February 28, 2022
Operating leases		
Operating lease assets		
Operating lease ROU assets	$ 44	$ 50
Operating lease liabilities		
Accrued liabilities	$ 24	$ 28
Operating lease liabilities	52	66
Total operating lease liabilities	$ 76	$ 94

	As at	
	February 28, 2023	February 28, 2022
Weighted average remaining lease term		
Operating leases	3.8 years	4.3 years
Weighted average discount rate		
Operating lease	3.4 %	3.4 %

Maturities of undiscounted lease liabilities were as follows:

	As at February 28, 2023
	Operating Leases
Fiscal year 2024	$ 26
Fiscal year 2025	20
Fiscal year 2026	15
Fiscal year 2027	11
Fiscal year 2028	10
Total future minimum lease payments	82
Less:	
Imputed interest	(6)
Total	$ 76

12. REVENUE AND SEGMENT DISCLOSURES

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by the CODM for making decisions and assessing performance as a source of the Company's reportable operating segments. In the first quarter of fiscal 2022, the CODM, who is the Executive Chair and CEO of the Company, began making decisions and assessing the performance of the Company using three operating segments, whereas the CODM previously made decisions and assessed the performance of the Company as a single operating segment.

The CODM does not evaluate operating segments using discrete asset information. The Company does not specifically allocate assets to operating segments for internal reporting purposes.

Segment Disclosures

The Company is organized and managed as three operating segments: Cybersecurity, IoT, and Licensing and Other. Fiscal 2021 information has been restated to conform to the current presentation of the Company's segment information.

The Company disaggregates revenue from contracts with customers based on geographical regions, timing of revenue recognition, and the major product and service types as described in Note 1.

The following table shows information by operating segment for the fiscal year ended February 28, 2023:

	Cybersecurity	IoT	Licensing and Other	Segment Totals
Segment revenue	$ 418	$ 206	$ 32	$ 656
Segment cost of sales	185	37	12	234
Segment gross margin [1]	$ 233	$ 169	$ 20	$ 422

[1] A reconciliation of total segment gross margin to consolidated totals is set forth below.

The following table shows information by operating segment for the fiscal year ended February 28, 2022 and February 28, 2021:

	For the Year Ended							
	February 28, 2022				February 28, 2021			
	Cybersecurity	IoT	Licensing and Other	Segment Totals	Cybersecurity	IoT	Licensing and Other	Segment Totals
Segment revenue	$ 477	$ 178	$ 63	$ 718	$ 491	$ 130	$ 272	$ 893
Segment cost of sales	194	30	23	247	192	23	30	245
Segment gross margin [1]	$ 283	$ 148	$ 40	$ 471	$ 299	$ 107	$ 242	$ 648

[1] A reconciliation of total segment gross margin to consolidated totals is set forth below.

Cybersecurity consists of the Company's BlackBerry Spark software platform, BlackBerry AtHoc, BlackBerry Alert and BlackBerry SecuSUITE. The BlackBerry Spark platform is a comprehensive offering of security software products and services, including the BlackBerry Cyber Suite and the BlackBerry Spark® Unified Endpoint Management Suite, which are also marketed together as the BlackBerry Spark Suite, offering the Company's broadest range of tailored cybersecurity and endpoint management options. The BlackBerry Spark UES Suite includes revenue from the Company's Cylance artificial intelligence and machine learning-based platform consisting of CylancePROTECT, CylanceOPTICS, CylancePERSONA, CylanceGATEWAY, CylanceGUARD managed services, CylancePROTECT Mobile and other cybersecurity applications. The BlackBerry Spark UEM Suite includes the Company's BlackBerry UEM, BlackBerry Dynamics, and BlackBerry Workspaces solutions. Cybersecurity revenue is generated predominantly through software licenses, commonly bundled with support, maintenance and professional services.

IoT consists of BlackBerry QNX, BlackBerry Certicom, BlackBerry Radar, BlackBerry IVY and other IoT applications. IoT revenue is generated predominantly through software licenses, commonly bundled with support, maintenance and professional services.

Licensing and Other consists of the Company's intellectual property arrangements and settlement awards. Other consists of the Company's legacy SAF business, which ceased operations on January 4, 2022.

The following table reconciles total segment gross margin for the fiscal year ended February 28, 2023, February 28, 2022 and February 28, 2021 to the Company's consolidated totals:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Total segment gross margin	422	$ 471	$ 648
Adjustments [1]:			
Less: Stock compensation	3	4	5
Less:			
Research & development	207	219	215
Selling, marketing and administration	340	297	344
Amortization	96	165	182
Impairment of long-lived assets	235	—	43
Impairment of goodwill	245	—	594
Gain on sale of property, plant and equipment, net	(6)	—	—
Debentures fair value adjustment	(138)	(212)	372
Litigation settlement	165	—	—
Investment income (loss), net	(5)	(21)	6
Consolidated income (loss) before income taxes	$ (720)	$ 19	$ (1,113)

[1] The CODM reviews segment information on an adjusted basis, which excludes certain amounts as described below:

Stock compensation expenses - Equity compensation is a non-cash expense and does not impact the ongoing operating decisions taken by the Company's management.

Revenue

The Company disaggregates revenue from contracts with customers based on geographical regions, timing of revenue recognition, and the major product and service types, as discussed above in "Segment Disclosures".

The Company's revenue, classified by major geographic region in which the Company's customers are located, was as follows:

	For the Years Ended					
	February 28, 2023		February 28, 2022		February 28, 2021	
North America [1]	$ 350	53.4 %	$ 413	57.5 %	$ 633	70.9 %
Europe, Middle East and Africa	222	33.8 %	234	32.6 %	197	22.1 %
Other regions	84	12.8 %	71	9.9 %	63	7.0 %
Total	$ 656	100.0 %	$ 718	100.0 %	$ 893	100.0 %

[1] North America includes all revenue from the Company's intellectual property arrangements, due to the global applicability of the patent portfolio and licensing arrangements thereof.

Revenue, classified by timing of recognition, was as follows:

	For the Year Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Products and services transferred over time	$ 364	$ 428	$ 476
Products and services transferred at a point in time	292	290	417
Total	$ 656	$ 718	$ 893

Revenue contract balances

The following table sets forth the activity in the Company's revenue contract balances for the fiscal year ended February 28, 2023:

	Accounts Receivable	Deferred Revenue	Deferred Commissions
Opening balance as at February 28, 2022	$ 138	$ 244	$ 16
Increases due to invoicing of new or existing contracts, associated contract acquisition costs, or other	692	601	24
Decrease due to payment, fulfillment of performance obligations, or other	(710)	(630)	(23)
Increase (decrease), net	(18)	(29)	1
Closing balance as at February 28, 2023	$ 120	$ 215	$ 17

Transaction price allocated to the remaining performance obligations

The table below discloses the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at February 28, 2023 and the time frame in which the Company expects to recognize this revenue. The disclosure includes estimates of variable consideration, except when the variable consideration is a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

	As at February 28, 2023			
	Less than 12 Months	12 to 24 Months	Thereafter	Total
Remaining performance obligations	$ 169	$ 31	$ 14	$ 214

Revenue recognized for performance obligations satisfied in prior periods

For the fiscal year ended February 28, 2023, $1 million in revenue was recognized relating to performance obligations satisfied in a prior period (fiscal year ended February 28, 2022 - $1 million; fiscal year ended February 28, 2021 - $2 million).

Property, plant and equipment, intangible assets, operating lease ROU assets and goodwill, classified by geographic region in which the Company's assets are located, were as follows:

	As at			
	February 28, 2023		February 28, 2022	
	Property, Plant and Equipment, Intangible Assets, Operating Lease ROU Assets and Goodwill	Total Assets	Property, Plant and Equipment, Intangible Assets, Operating Lease ROU Assets and Goodwill	Total Assets
Canada	$ 98	$ 375	$ 117	$ 447
United States	742	1,208	1,313	1,989
Other	27	96	27	131
	$ 867	$ 1,679	$ 1,457	$ 2,567

Information About Major Customers

There was one customer that comprised 12% of the Company's revenue in fiscal 2023 (fiscal 2022 - one customer that comprised 11%; fiscal 2021 - one customer that comprised 22%).

13. CASH FLOW AND ADDITIONAL INFORMATION

(a) Certain consolidated statements of cash flow information related to interest and income taxes paid is summarized as follows:

	For the Years Ended		
	February 28, 2023	February 28, 2022	February 28, 2021
Interest paid during the year	$ 6	$ 6	$ 15
Income taxes paid during the year	2	5	5
Income tax refunds received during the year	5	6	2

(b) **Additional Information**

Advertising expense, which includes media, agency and promotional expenses totaling $29 million is included in selling, marketing and administration expenses for the fiscal year ended February 28, 2023. (February 28, 2022 - $25 million; February 28, 2021 - $24 million)

Selling, marketing and administration expenses for the fiscal year ended February 28, 2023 included nil with respect to foreign exchange gain, net of foreign exchange hedging (February 28, 2022 - $1 million; February 28, 2021 - $1 million).

Foreign exchange

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency, the U.S. dollar. The majority of the Company's revenue in fiscal 2023 was transacted in U.S. dollars. Portions of the revenue were denominated in Canadian dollars, euros and British pounds. Other expenses, consisting mainly of salaries and certain other operating costs, were incurred primarily in Canadian dollars, but were also incurred in U.S. dollars, euros and British pounds. At February 28, 2023, approximately 19% of cash and cash equivalents, 24% of accounts receivable and 36% of accounts payable were denominated in foreign currencies (February 28, 2022 – 37%, 23% and 30%, respectively). These foreign currencies primarily include the Canadian dollar, euro and British pound. As part of its risk management strategy, the Company maintains net monetary asset and/or liability balances in foreign currencies and engages in foreign currency hedging activities using derivative financial instruments, including currency forward contracts and currency options. The Company does not use derivative instruments for speculative purposes.

Interest rate risk

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued 1.75% Debentures with a fixed interest rate as described in Note 6. The fair value of the 1.75% Debentures will fluctuate with changes in prevailing interest rates. Consequently, the

Company is exposed to interest rate risk as a result of the 1.75% Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio or changes in the market value of the 1.75% Debentures.

Credit risk

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment-grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2023, no single issuer represented more than 12% of the total cash, cash equivalents and investments (February 28, 2022 - no single issuer represented more than 10% of the total cash, cash equivalents and investments), with the largest such issuer representing commercial paper at one of the Company's banking counterparties.

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require the outstanding net position of all contracts be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at February 28, 2023, the Company had $1 million in collateral held with counterparties (February 28, 2022 - nil in collateral held).

Liquidity risk

Cash, cash equivalents, and investments were approximately $487 million as at February 28, 2023. The Company's management remains focused on efficiently managing working capital balances and managing the liquidity needs of the business. The Company has experienced recent operating losses and the Debentures will mature on November 13, 2023 as described above in Note 6, but the Company maintains positive working capital, has the ability to access other potential financing arrangements on commercially reasonable terms, and has entered into the patent sale transaction as disclosed below in Note 14. Taking these factors into account and based on its current financial projections, the Company believes its financial resources, together with expected future operating cash generating and operating expense reduction activities, should be sufficient to meet funding requirements for current financial commitments and future operating expenditures not yet committed, and should provide the necessary financial capacity for the foreseeable future.

Government subsidies

During fiscal 2021, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") for Canadian employers whose businesses were affected by the COVID-19 pandemic. The CEWS program initially ran for a thirty-six week period between March and November 2020 and the CERS program for a period between September 2020 and July 2021. The programs were subsequently extended to October 2021. The CEWS program provided a subsidy of up to 75% of eligible employees' employment insurable remuneration, subject to certain criteria. The extension also included a gradual decrease to the subsidy rate. CEWS received after June 5, 2021 may be repayable in the future under certain circumstances if certain terms and conditions are not met by the Company, which is not probable at this time. The CERS program provided a subsidy of up to 65% of eligible fixed property expenses. The base subsidy was determined based on the percentage revenue decline experienced by businesses affected by the COVID-19 pandemic. The CERS program gradually reduced the amount and availability of subsidies in the months leading up to the program's final claim period.

During the third quarter of fiscal 2022, the Government of Canada announced the HHBRP to continue supporting businesses affected by the COVID-19 pandemic. The HHBRP provides a subsidy of up to 50% of eligible employees' employment insurable remuneration, subject to certain criteria, and rent and ran until May 7, 2022.

The Company applied for the CEWS, CERS and HHBRP to the extent it met the requirements to receive the subsidy and during the year ended February 28, 2023, recorded $4 million in government subsidies as a reduction to operating expenses in the consolidated statement of operations (February 28, 2022 - $46 million). As at February 28, 2023, the Company has recorded nil in accrued government subsidies within other receivables on the consolidated balance sheet (February 28, 2022 - $8 million).

14. SUBSEQUENT EVENTS

On March 21, 2023, the Company entered into an agreement to sell substantially all of the Company's non-core patent assets to Malikie Innovations Limited ("Malikie") for $170 million in cash on closing, an additional $30 million in cash by no later than the third anniversary of closing and potential future royalties in the aggregate amount of up to $900 million. BlackBerry will be entitled to receive annual cash royalties from the profits generated by the patents, on the following basis:

- 8% of the first $500 million of profits
- 15% of the next $250 million of profits
- 30% of the next $250 million of profits; and
- 50% of all subsequent profits.

Completion of the transaction is conditional upon, among other things, satisfaction of all regulatory conditions under the Hart-Scott-Rodino Antitrust Improvements Act in the United States and the Investment Canada Act. Pursuant to the patent sale agreement, the Company expects to receive a license back to the patents being sold, which relate primarily to mobile devices, messaging and wireless networking. Patents that are essential to the Company's current core business operations, as well as certain non-core patent families relating to mobile devices, are excluded from the transaction. Contemporaneously, the Company also terminated a prior agreement with Catapult relating to the proposed sale of the patent portfolio subject to the Malikie agreement as well as certain additional non-core patents.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

As of February 28, 2023, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the U.S. Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or dispositions of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of February 28, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013). Based on this assessment, management concludes that, as of February 28, 2023, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of February 28, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

During the three months ended February 28, 2023, no changes were made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

A list of our executive officers appears in Part I, Item 1 to this Annual Report on Form 10-K.

The information required by this item will be included in our 2023 Proxy Statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended February 28, 2023, and is incorporated herein by reference.

Audit and Risk Management Committee

The Audit and Risk Management Committee's purpose is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control, and legal compliance and risk management functions of the Company and its subsidiaries. It is the objective of the Audit and Risk Management Committee to maintain free and open means of communications among the Board, the independent auditors and the financial and senior management of the Company. The full text of the Audit and Risk Management Committee's Charter can be viewed on the Company's website at https://www.blackberry.com/ca/en/company/investors/corporate-governance-global.

Applicable securities laws require that, subject to certain exceptions, all members of the Audit and Risk Management Committee be "independent" under Sections 1.4 and 1.5 of National Instrument 52-110 of the Canadian Securities Administrators - Audit Committees and the rules and regulations of the NYSE, and "financially literate", meaning that the committee member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those issues reasonably expected to be raised by the Company's financial statements. Ms. Disbrow (Chair), Ms., Dr. Smaldone Alsup and Mr. Wouters are the members of the Audit and Risk Management Committee, and each is an independent director of the Company and financially literate, based on his or her education and experience as described below. The Audit and Risk Management Committee has also developed, in conjunction with the Company's Chief Financial Officer and other accounting personnel, an orientation and continuing education program that will provide the new members of the Audit and Risk Management Committee with additional information and understanding about the accounting and financial presentation issues underlying the Company's financial statements.

The members of the Audit and Risk Management Committee bring significant skill and experience to their responsibilities including professional experience in accounting, business, management and governance, and finance. The specific education and experience of each member that is relevant to the performance of his or her responsibilities as such member of the Audit and Risk Management Committee are set out below:

Lisa Disbrow (Chair) – Ms. Disbrow has a BA from the University of Virginia, an MA from The George Washington University in International Relations, and an MS from The National War College in National Strategy. Ms. Disbrow serves on the President's Export Council and is a Commissioner on the Congressional Planning, Programming, Budgeting & Execution Reform Commission. Ms. Disbrow is also the Chair of the NobleReach Foundation, as well as a director of CACI International Inc, Mercury Systems and SparkCognition, Inc. In addition, she is a Senior Fellow at the Johns Hopkins University Applied Physics Lab and the Vice Chair of the National Defense Industrial Association. Previously, she served over 30 years in senior civilian and military positions in the U.S. government, and was the Senate-confirmed Under Secretary of the United States Air Force. She also served as Acting Secretary of the U.S. Air Force and was the Senate-confirmed chief financial officer of the Air Force, as the Assistant Secretary for Financial Management and Comptroller.

Dr. Laurie Smaldone Alsup – Dr. Smaldone Alsup has an MD from Yale University, where she completed her residency in Internal Medicine and fellowship in Medical Oncology. She is Chief Scientific Officer and Chief Medical Officer of NDA Group AB (which merged in 2016 with PharmApprove, where Dr. Smaldone Alsup was President and Chief Scientific Officer), a leading drug development consulting company. She was previously Chief Executive Officer of Phytomedics, an early-stage biopharmaceutical company focused on arthritis and inflammation, prior to which she held clinical and regulatory leadership roles at Bristol Myers Squibb, including Senior Vice President of Global Regulatory Science, where she also developed and led Business Risk Management for the company. Dr. Smaldone Alsup is a director of Arvinas, Inc., Kinnate Biopharma Inc. and Theravance Biopharma, Inc.

The Hon. Wayne Wouters – Mr. Wouters has a BComm (Honours) from the University of Saskatchewan and an MA in economics from Queen's University. From 2009 to 2014, Mr. Wouters was the Clerk of the Privy Council of Canada and held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet and Head of the Public Service. Prior to his tenure as Clerk, Mr. Wouters was Secretary of the Treasury Board of Canada and served in deputy ministerial and other senior positions in the Canadian public service. He is currently Strategic and Policy Advisor to McCarthy Tétrault LLP and a director of Champion Iron Limited, Canadian Utilities Limited and Foran Mining Corporation. He was inducted by the Prime Minister as a member of the Privy Council in 2014 and was he was invested into the Order of Canada as an officer in 2017. Mr. Wouters

has extensive experience with economic policy and international trade matters, which included oversight of multi-billion dollar budgets on behalf of the Government of Canada.

The Board has also determined that Ms. Disbrow is an audit committee financial expert within the meaning of General Instruction B(8)(a) of Form 10-K under the U.S. Securities Exchange Act of 1934, as amended. The SEC has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the Audit Committee and the Board who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee or the Board.

Enterprise Risk Management

The Company recognizes that risks are associated with delivering on its strategy and achieving its corporate objectives. Managing these risks is an essential part of the Company's business and the Company aims to promote a culture of risk management and compliance at all levels in the organization. The Company has defined and implemented an approach to manage its exposure to risk, consisting of: (i) a risk management framework to regularly identify, assess, treat, monitor and report on current and potential risks, and (ii) a governance structure that clearly defines the responsibilities of the Board, the senior leadership team, employees and other stakeholders to support the risk management framework. This approach to enterprise risk management is integral to the Company's business activities and is designed to:

- promote effective corporate governance and decision-making by enabling the consistent identification and evaluation of risk on a consolidated basis;
- ensure that risks are managed proactively and appropriately in the context of the Company's strategy and objectives;
- support the development of internal controls;
- facilitate the reliability and transparency of financial and operational reporting;
- assist in compliance with laws, regulations, policies, and contracts; and
- reduce harm to financial performance and safeguard the Company's assets.

Risk Management Framework Policy and Risk Appetite

The Company's risk management framework policy defines responsibilities for the identification, assessment, management and reporting of risks, and sets out expectations for ownership, resource assignment and compliance. The scope of the framework embraces internal functions as well as those activities for which the Company engages support from third parties.

To support the risk management framework and risk oversight activities, the Company maintains a risk appetite statement that defines, by category of risk, the Company's tolerance for risk-taking having regard to potential rewards and overall business strategies and objectives. The Company's four risk categories are: (i) strategy and innovation, (ii) operations, (iii) legal, compliance and reputation, and (iv) financial management and reporting. The Company's risk profile is assessed against the risk appetite statement, which is reviewed and updated as the Company's business strategy and operating environment evolve.

Risk Governance and Oversight

The Company utilizes a "three lines of defense" governance structure to define how the responsibility for risk management activities is assigned:

- The first line of defense for managing risks resides with the management of each business unit. Risk exposures are identified and mitigated at a granular level through various ongoing management activities including business planning, operations management, reporting, and process improvement projects.
- Oversight of business unit management is provided by the second line of defense, the Security Risk and Compliance Committee ("SRCC"), which meets at least quarterly and is supported by various compliance, security and control functions. The SRCC is composed of manager representatives from each major business group and provides strategic direction by defining key policies, identifying emerging risk trends, and sponsoring training.
- The internal audit function comprises the third line of defense, providing independent assurance of the effectiveness of the Company's risk management activities and internal controls related to (i) financial reporting and integrity and (ii) other areas of risk as assigned by the Audit and Risk Management Committee from time to time, including cybersecurity risk. The internal audit function may also review the governance structures and mandates of the first two lines of defense.

Additional governance and oversight is provided by the Risk Management and Compliance Council ("RMCC"), a council of internal senior leaders which oversee the risk management activities undertaken by business group management and the SRCC. The RMCC reviews the Company's risk dashboard and monitors remediation activities to address gaps. The RMCC also

approves the risk appetite statement and promotes a culture of risk management and compliance across the Company. The RMCC meets at least quarterly with the Chief Risk Officer serving as the Chair. Phil Kurtz, the Company's Chief Legal Officer and Corporate Secretary, serves as the Chief Risk Officer and reports to the Audit and Risk Management Committee, at least quarterly, on the activities of the RMCC.

The Board is ultimately responsible for overseeing the Company's risk identification, assessment, management, monitoring and reporting activities. The Audit and Risk Management Committee assists the Board with the oversight of enterprise risk management at the Company, including risk assessment, risk compliance, the internal audit function and the controls, processes and policies used to manage the Company's risk. The Compensation, Nomination and Governance Committee of the Board also assists the Board with the oversight of risk management and controls with respect to the Company's compensation policies and practices, including the administration of the Company's equity-based compensation plans.

Since June 2015, the Chief Information Officer or Chief Information Security Officer has provided regular updates to the Board on the advancing maturity of the Company's cybersecurity program, including reports on threat monitoring, penetration testing, vulnerability remediation, encryption efforts and compliance activities. The updates also include reports on the Company's third-party cybersecurity accreditations and certifications and on improvements to processes, technology and governance to mitigate threats and advance the Company's security posture.

The Company also includes risks related to climate change and other environmental, social and governance considerations as part of its enterprise risk management process.

Ethical Business Conduct and Code of Business Standards and Principles

The Company maintains and follows a written code of business standards and principles (the "Code") that applies to, and is acknowledged annually by, all of the directors, officers and employees of the Company. The Code is a statement of principles designed to promote a culture of integrity and to help ensure that the Company operates its business in an ethical and legally-compliant manner. The Code incorporates by reference a number of policies and guidelines, including the Company's Prevention of Improper Payments Policy and Insider Trading Policy, that provide guidance to employees concerning business choices, decisions and behaviours. The Code expressly provides that acknowledgment of the Code is a condition of employment, as is completion of all assigned training related to the Code and related policies and guidelines.

The Board, through the Audit and Risk Management Committee, receives reports on compliance with the Code, including regarding the Company's annual program to have employees acknowledge that they have read, understand and will comply with the Code. The Company maintains a whistleblower program and makes whistleblower reporting available to employees and external parties via a web and telephone hotline-based system supplied and operated by a third party that specializes in such reporting systems. The system allows individuals to make whistleblower reports, including anonymously, to the Company or directly to the Chair of the Audit and Risk Management Committee via the BlackBerry EthicsLink system and enables the Company or the Chair of the Audit and Risk Management Committee, as appropriate, to follow up directly with the reporter while maintaining his or her anonymity. Employees are advised of the whistleblower program as part of the Company's annual Code acknowledgement program. Management reports on the status of whistleblower reports to the Audit and Risk Management Committee at its quarterly meetings.

In addition, the Board is responsible for overseeing, directly and through its committees, an appropriate compliance program for the Company. The RMCC and SRCC oversee and assist management in maintaining the Company's compliance program and policies. Phil Kurtz, the Company's Chief Legal Officer and Corporate Secretary, reports to the Audit and Risk Management Committee at least quarterly on compliance matters in his capacity as Chair of the RMCC.

The Code is available on the Company's website at https://www.blackberry.com/us/en/company/corporate-responsibility, or upon request to the Corporate Secretary of the Company at its executive office, 2200 University Avenue East, Waterloo, Ontario, N2K 0A7. If the Company makes any substantive amendments to the Code or grants any waiver, including any implicit waiver, from a provision of the Code to the Chief Executive Officer or Chief Financial Officer, the Company will disclose the nature of the amendment or waiver on that website or in a report on Form 8-K. The Company did not grant any such waiver in fiscal 2023.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in our 2023 Proxy Statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended February 28, 2023, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included in our 2023 Proxy Statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended February 28, 2023, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in our 2023 Proxy Statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended February 28, 2023, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in our 2023 Proxy Statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended February 28, 2023, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

Financial Statements and Schedules

The financial statements filed as part of this filing are listed on the Index to Consolidated Financial Statements in Item 8.

Financial statement schedules have been omitted since they either are not required, not applicable, or the information is otherwise included in the Consolidated Financial Statements and accompanying notes in Item 8.

Exhibits

Exhibit Number	Description of Exhibit
3.1	Articles of Amalgamation of the Registrant (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 (File No. 333-192986), filed with the SEC on December 20, 2013)
3.2	Amended and Restated By-law No. A3 of the Registrant (incorporated by reference to Document 1 in the Registrant's Report on Form 6-K, furnished to the SEC on May 15, 2014)
3.3	Amended and Restated By-law No. A4 of the Registrant (incorporated by reference to Document 2 in the Registrant's Report on Form 6-K, furnished to the SEC on June 13, 2014)
4.1	Specimen Common Share Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-192986), filed with the SEC on December 20, 2013)
4.2	Description of Registered Securities (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
4.3	Indenture dated September 1, 2020 (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on September 2, 2020)
4.4	Form of 1.75% Convertible Unsecured Debentures due November 13, 2023 (included in Exhibit 4.3)
10.1†	Amended and Restated BlackBerry Limited Equity Incentive Plan Amended and Restated Deferred Share Unit Plan for Directors (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.2†	Amended and Restated Deferred Share Unit Plan for Directors (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.3†	Form of restricted share unit agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.4†	Form of performance based restricted share unit agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.5†	Form of indemnification agreement for directors and executive officers (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.6†	Employment agreement with John Chen, dated November 3, 2013 (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.7†	Employment agreement with Steve Rai, dated September 23, 2019 (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 7, 2020)
10.8†	Employment agreement with John Giamatteo, dated August 3, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on June 24, 2022)
10.9†	Employment agreement with Mattias Eriksson, dated April 13, 2021 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on June 24, 2022)
10.10†	Patent Sale Agreement with Catapult IP Innovations Inc., dated January 29, 2022, including Exhibit A thereto and Exhibit B-1 thereto (incorporated by reference to Exhibits 10.1, 10.1.1 and 10.1.2 to the Registrant's Current Report on Form 8-K/A filed with the SEC on February 3, 2022)
10.11*	Patent Sale Agreement with Malikie Innovations Limited, dated March 20, 2023, including Exhibit A-1 thereto, Exhibit A-2 thereto and Exhibit B-1 thereto
21*	List of subsidiaries
23.1*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)
31.2*	Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a)

32.1††	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2††	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	XBRL Instance Document – the document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101*	Inline XBRL Taxonomy Extension Schema Document
101*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101*	Inline XBRL Taxonomy Extension Label Linkbase Document
101*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – formatted as Inline XBRL and contained in Exhibit 101

* Filed herewith
† Management contract or compensatory plan or arrangement
†† Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of the SEC's Regulation S-K

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

BLACKBERRY LIMITED

Date: March 31, 2023

By:	/s/ John Chen
Name:	John Chen
Title:	Chief Executive Officer
By:	/s/ Steve Rai
Name:	Steve Rai
Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

DIRECTORS

SIGNATURE	CAPACITY	DATE
/s/ JOHN CHEN John Chen	Executive Chairman and Chief Executive Officer (Principal Executive Officer)	March 31, 2023
/s/ V. PREM WATSA Prem Watsa	Lead Director	March 31, 2023
/s/ MICHAEL DANIELS Michael Daniels	Director	March 31, 2023
Timothy Dattels	Director	March 31, 2023
/s/ LISA DISBROW Lisa Disbrow	Director	March 31, 2023
/s/ RICHARD LYNCH Richard Lynch	Director	March 31, 2023
/s/ LAURIE SMALDONE ALSUP Laurie Smaldone Alsup	Director	March 31, 2023
/s/ WAYNE WOUTERS Wayne Wouters	Director	March 31, 2023