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, 2025

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, 2024, 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 $1.4 billion. The registrant had 596,233,826 shares of common shares issued and outstanding as of March 28, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2025 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, 2025.

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: A heritage of innovation

Founded in 1984, the Company is a leading provider of intelligent software and services to enterprises, governments and leading OEMs around the world. Its products enable more than 255 million vehicles and secure 17 of the G20 governments. Based in Waterloo, Ontario, the Company has two core divisions, each addressing large and growing market opportunities.

The Company's QNX division is a leader in embedded software where the Company believes it is the world's leading automotive foundational software supplier. Its customers include leading automotive OEMs and Tier 1 suppliers that use its products in vehicles, as well as top medical OEMs. The Company's solutions are implemented into all the top 10 automotive OEMs, top 7 Tier 1 suppliers, 24 of the 25 top EV OEMs, and 9 of the 10 top medical OEMs.

The Company's Secure Communications division delivers operational resiliency with a comprehensive, highly secure, and extensively certified product portfolio for mobile fortification, mission-critical communications and critical events management.

The Company was incorporated under the Business Corporations Act (Ontario) ("OBCA") and has amalgamated with several of its wholly-owned subsidiaries, the last 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").

Cylance Sale

On February 3, 2025, the Company completed the sale of its Cylance endpoint security assets and related liabilities to Arctic Wolf Network, Inc. ("Arctic Wolf") for $160.0 million of cash, subject to certain adjustments of approximately $39.1 million, and 5.5 million common shares of Arctic Wolf. As a result of the Cylance sale, it is no longer reported alongside UEM, SecuSuite and AtHoc as the Cybersecurity segment, and those three businesses are now reported separately from Cylance as the Secure Communications segment. The financial results of Cylance are presented as discontinued operations and are included in "loss from discontinued operations, net of tax" in the Consolidated Statements of Operations and have been removed from the presentation of results from continuing operations. Prior period comparatives in the financial statements, and throughout this Annual Report on Form 10-K where applicable, have been recast to reflect this change.

Intercorporate Relationships

The Company has three material subsidiaries, all of which are wholly-owned, directly or indirectly, by the Company in each case as at February 28, 2025.

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

Industry Background

QNX

The world is rapidly moving to one where everyone and everything can be intelligently connected at the edge. This evolution is being enabled by the proliferation of devices in the Internet of Things, increasing device sophistication and compute power, and powerful software that can bring these devices to life. Industries of all types, from automotive and manufacturing to healthcare and robotics, are experiencing the profound impact of this evolution, as intelligent edge devices deliver unprecedented capabilities by making immediate, context-aware decisions locally. The Company believes the benefits of the intelligent edge are real and immense, promising enhanced security, reduced latency, and rigorous efficiency, and position the intelligent edge as a technological pillar that it expects will shape the digital landscape of the future.

This rapid evolution can be attributed to increasing connectivity, decreasing sensor and hardware component costs, and continuous innovation that leverages edge data. The associated surge in data generation and computing power at the edge is creating new ways for businesses to provide impactful applications that rely on real-time data processing and insights. As a

result, software-defined connected devices are improving safety, security, and reliability by allowing for dynamic updates, which enables greater flexibility to scale and adapt to evolving customer demands or industry requirements.

While all industries are experiencing the shift toward the intelligent edge, the Company believes these trends are most prevalent in the automotive industry, as evidenced by the growth and complexity of software-defined vehicles ("SDVs"). Powered by continual advancements in computing hardware such as the move from microcontrollers to microprocessors, modern vehicles increasingly operate on highly sophisticated and interconnected software stacks and the data produced by vehicles is proliferating at a rapid rate. The entire automotive value chain, from OEMs to Tier 1 suppliers, will need foundational software to capture, synthesize, analyze and monetize this massive volume of real-time data to develop innovative solutions that deliver safer, more efficient and more fulfilling driving experiences. These trends are not just present in automotive, but are also being seen in industrial automation, healthcare and robotics. The Company further believes that increased and evolving regulatory requirements as well as consumer expectations will create further demand for high-performance SDVs and other IoT devices.

With increasing compute capabilities and system complexity, there is an imperative for high-performance foundational software that maintains the highest level of functional safety and security of systems at the edge.

Secure Communications

The secure communications industry is a critical component of the broader security software market, encompassing a wide range of solutions designed to safeguard sensitive voice, messaging, and data transmissions from unauthorized interference.

The escalating frequency and sophistication of cyberattacks, exemplified by high-profile incidents like those attributed to the Salt Typhoon group, highlight the vulnerabilities in traditional communication networks and promote demand for secure communications solutions. In parallel, ongoing digital transformation and the prevalence of mobile and decentralized workforces, together with the global proliferation of privacy and data protection regulations, also drive reliance on digital communication tools and the adoption of secure communication practices.

Secure Voice, Messaging and Conferencing

Governments, militaries, and enterprises operate in dynamic environments where the confidentiality, integrity, and availability of communications are crucial. Secure voice, messaging, and conferencing systems ensure that sensitive information is transmitted and received without unauthorized interception or access. For governments and militaries, this is vital for national security, operational integrity, and the protection of classified information. For enterprises, secure communications are relied upon to safeguard intellectual property, financial data, and personal information of employees and partners. By implementing secure voice, messaging, and conferencing solutions, these entities can foster trust, ensure compliance with regulatory requirements, and maintain the privacy of their strategic communications.

Critical Events Management

Critical events management solutions enable organizations to prepare for, respond to, and recover from a wide range of emergencies and crises. These solutions are essential for maintaining operational continuity, ensuring community safety, and minimizing the impact of unexpected events through networked mass communications in real time.

In an era of growing concern over severe climate-related events, escalating geopolitical tensions, and supply chain insecurity, governments and other large organizations are investing in solutions to elevate preparedness and heighten proactive engagement.

Unified Endpoint Management

Unified endpoint management (UEM) solutions have become integral to modern enterprise mobility and security strategies. UEM platforms offer a centralized approach to managing and securing a diverse fleet of devices, applications, and content. They enable organizations to protect data, enforce security policies, and provide secure access to corporate resources from any location.

Demand for UEM solutions is driven by the challenges of managing a growing fleet of endpoints while ensuring data security and compliance with regulations. Key trends include the integration of artificial intelligence and machine learning to enhance device management capabilities, the adoption of Bring Your Own Device policies to improve employee productivity, and the shift towards cloud-based UEM solutions for greater scalability and flexibility.

Products and Services: Addressing market needs and opportunities

The Company has a rich pedigree in innovation and has developed a range of products and services that assist customers in addressing their needs as their industries evolve, which are structured in three divisions: QNX, Secure Communications and Licensing.

QNX

The QNX division consists of QNX®, BlackBerry Radar®, BlackBerry® Certicom® and BlackBerry IVY®.

With 45 years of embedded software expertise and a rich intellectual property portfolio, QNX is an industry leader whose high-performance foundational software enables major automakers and industrial giants alike to unlock transformative applications, drive new revenue streams and launch innovative business models, all without sacrificing safety, security and reliability. QNX is a trusted supplier of operating systems, hypervisors, frameworks and development tools that help reduce hardware dependency while enabling new possibilities in high-performance computing, standards-based virtualization technologies, and cloud enablement.

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 BlackBerry QNX real-time operating system, QNX® Hypervisor for Safety and QNX® Software Development Platform (SDP), as well as other products designed to alleviate the challenges of compliance with ISO 26262, the automotive industry's functional safety standard. The QNX pre-certified microkernel operating system is specifically tailored for safety-critical embedded systems and toolchains that are pre-qualified for building these systems. The QNX Hypervisor for Safety prevents safety systems from potential impact of malfunction in other systems. These products help drive a faster time to market and also reduce developer friction.

QNX is also a preferred supplier of embedded systems for companies building medical devices, rail systems, industrial automation solutions, hardware security modules, building automation systems, green energy solutions, and other mission-critical applications. QNX collaborates closely with customers to understand their specific requirements and more quickly and effectively develop solutions to meet their evolving needs.

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.

BlackBerry Certicom leverages patented elliptic curve cryptography to provide device security, anti-counterfeiting and product authentication solutions to protect vehicles, critical infrastructure and IoT deployments from product counterfeiting, re-manufacturing and unauthorized network access.

BlackBerry IVY is an emerging intelligent vehicle data platform that 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 can use this information to create responsive in-vehicle applications and services that enhance driver and passenger experiences.

The QNX division also provides engineering consulting services, including services to assist OEM customers to bring their products to market on time, as well as services to ensure compliance with relevant functional safety standards.

Secure Communications

The Secure Communications division consists of BlackBerry UEM solutions, BlackBerry SecuSUITE and BlackBerry AtHoc.

The Company's endpoint management offerings include BlackBerry® UEM, BlackBerry® Dynamics™, BlackBerry® Workspaces, and BlackBerry Messenger (BBM®) Enterprise. BlackBerry UEM employs a containerized approach to manage and secure devices, third party and custom applications, identity, content and endpoints across all leading operating systems, as well as providing regulatory compliance tools. 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. BlackBerry Workspaces is a secure Enterprise File Sync and Share (EFSS) solution. BBM Enterprise is 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 is a secure, networked critical event management solution that enables people, devices and organizations to exchange critical information in real time during business continuity and life safety operations. The platform securely connects 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.

The Secure Communications division also provides enterprise consulting services, including 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.

Licensing

The Licensing division 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, 2025, the Company owned approximately 6,300 worldwide patents and applications.

Go to Market

The Company primarily generates revenue from the licensing of enterprise software and sales of associated services, including its QNX embedded software platforms, solutions and services, Secure Communications solutions and services and technology licensing. The Company focuses on strategic industries with vertical-specific use cases, including regulated enterprise markets such as automotive, government, financial services, transportation, healthcare, and other adjacent markets where high-performance, foundational embedded software platforms and solutions are important, such as robotics, medical devices, and industrial automation ("General Embedded Market" or "GEM").

QNX

The Company licenses QNX and BlackBerry Certicom technology and provides professional engineering services to OEM customers in the automotive and GEM 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.

Secure Communications

The Company licenses its Secure Communications products, including complementary third-party applications, through a geographically-dispersed direct sales force, value-added resellers and alliance partners. The Company continues to build its global partner programs to bolster its direct sales and marketing efforts.

Seasonality

The Company experiences seasonal patterns in its revenue, primarily due to QNX customers placing a higher percentage of orders in the second half of the fiscal year as compared to the first half of the fiscal year. This gives rise, in turn, to similar seasonality in the Company's operating margin and operating cash flow, the latter of which is also impacted by variable incentive plan payments in the first half of the fiscal year.

Competition and Competitive Strengths

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. The Company competes with a broad range of vendors in each of its businesses. See Part 1, Item 1A "Risk Factors - The Company faces intense competition".

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's Secure Communications portfolio is also differentiated by the inclusion of a sophisticated network operations center in its 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.

QNX

Trusted by the world's leading automakers, QNX technology is embedded in more than 255 million vehicles, a year-over-year increase of 20 million and an increase of 80 million since 2020. QNX continues to win an outsized share of advanced SDV architectures and is now working with:

- 16 of the top 20 global OEMs for cockpit solutions (in production or development, MPU based);
- 15 of the top 20 global OEMs for Advanced Driver Assistance Systems (ADAS) Solutions (representing 80%+ of global light passenger vehicle volumes); and

- 100% of all internationally approved Commercial Level 3 Highly Automated Driving (HAD) vendors.

The QNX strategic roadmap investments are focused on three pillars: (1) innovation at the edge, (2) innovation in safety and security and (3) reduction of developer friction – all underpinned by a cloud-first embedded development strategy. Consistent with this roadmap, the division recently announced a number of new products and initiatives that it believes will enable it to maintain its strong market position and open up new potential revenue streams.

At CES 2025, alongside Vector and TTTech Auto, QNX announced a multi-year, global undertaking to collaborate, develop and market a foundational vehicle software platform that will automakers to shift their focus from cumbersome and costly software integration to delivering innovative consumer-facing applications that build brand loyalty, differentiation and value. Pre-integrated, lightweight and certified to the automotive industry's highest functional safety (ISO 26262 ASIL D) and security (ISO 21434) standards, this platform will be able to scale vehicle-wide, making it easier for automakers to accelerate their SDV development efforts while optimizing costs.

The division also recently introduced QNX® Cabin, a pre-integrated digital cockpit software reference implementation that provides a development framework for designing digital cockpit systems. It emphasizes software portability and cloud-first development, aiming to reduce development costs and accelerate time-to-market for OEMs. Built on ISO 26262 ASIL D-certified software, QNX Cabin enables the development of complex digital cockpit features, such as instrument clusters, audio, and driver information displays, ensuring a cohesive end-user experience.

Also at CES 2025, the division announced the launch of QNX Everywhere, an initiative offering easy access to QNX software for non-commercial use for students, academic and research organizations, and hobbyists, helping to boost skills across the global developer ecosystem, supporting the advancement of embedded automotive software innovation. QNX Container support was also announced and will provide a standards-based environment for the deployment, execution, and management of container technology on QNX-based devices, enabling customers to leverage the benefits of container technology as well as the safety, security and reliability provided by the QNX microkernel architecture.

The QNX division competes principally with other providers of embedded foundational software, including Linux open-source operating systems.

Secure Communications

BlackBerry UEM 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. With the BlackBerry UEM, the Company competes with other MDM and UEM providers.

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 platform is both mobile and scalable, integrating with legacy systems and supporting on-premise and cloud-based deployments. With available incident management and encrypted end-to-end instant messaging capabilities, the platform offers 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.

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 that target customer needs while also remaining highly competitive. The Company makes significant investments to support its offerings and is committed to hiring and retaining top talent.

The Company dedicates a major portion of its R&D investments to the development of software products and services for its QNX and Secure Communications 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'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 11 to the Consolidated Financial Statements.

Third Party Software Developers

The primary development platform for BlackBerry QNX-based systems is the QNX Software Development Platform, which includes the QNX Neutrino real-time operating system and the QNX Tool Suite featuring the QNX Toolkit for Visual Studio Code and the Momentics® integrated development environment. The QNX SDP is complemented by a portfolio of products including QNX Hypervisor, QNX OS for Safety, QNX Hypervisor for Safety, QNX Sound, QNX Cabin, IVY and other QNX products.

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 100 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 isolated and protected at all times, both while at rest and in transit. The platform also includes SDKs for BlackBerry UEM, BlackBerry Workspaces, BlackBerry AtHoc and other products.

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.

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, 2025, the Company owned approximately 6,300 worldwide patents and applications.

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 greenhouse gas emissions and other direct and indirect environmental impacts. 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, Supplier Diversity Policy, Health and Safety Policy and Environment and Sustainability Policy, and periodically issues an ESG 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 and improving water sanitation. These documents and policies relating to the Company's corporate responsibility initiatives can be viewed on the Company's website at https://investors.blackberry.com/governance-documents 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 obligations with respect to the use of so-called "conflict minerals" (which currently include the metals gold, tantalum, tin, and tungsten). In its procurement activities, the Company engages with its suppliers to conduct due diligence into the source of any conflict minerals that are necessary to the functionality or production of the Company's hardware products, principally for the BlackBerry Radar business.

Any actual or perceived failure to comply with applicable legal 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 Executive Officers

The Company made one executive officer appointment during fiscal 2025, naming Tim Foote as Chief Financial 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)
Jennifer Armstrong-Owen Washington, USA	Senior Vice President and Chief People Officer	Senior Vice President, People, OfferUp (2023-2024); Senior Vice President, People, SeekOut (2021-2023); Vice President, People, Chef Software (2018-2020)
Mattias Eriksson Illinois, USA	President, IoT	Senior Vice President and Head of Product, HERE Technologies (2019-2020)
Tim Foote Texas, USA	Chief Financial Officer	Chief Financial Officer, Cybersecurity (2024); Vice President, Investor Relations (2016-2024)
John Giamatteo Texas, USA	Chief Executive Officer; President, Secure Communications; Director	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)

Human Capital

The Company's 1,820 regular employees, contract workers and student workers as of February 28, 2025 work as a team in 16 countries worldwide, with approximately 58% in Canada, 15% in the U.S., and 27% 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 an 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 does not tolerate, condone, or ignore workplace discrimination or harassment or any unlawful behavior, and is committed to maintaining a respectful and productive work environment for all individuals. 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 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, and promotions. The Company encourages 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 program, subsidies for professional association memberships, career planning resources, and partnerships with various industry networks. The Company invests in a paid co-op and intern student program, supporting 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 regarding 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

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

Access to the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, 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 the Company's website at www.blackberry.com/ca/en/company/investors. In addition, the Company's filings with the SEC may be accessed through the SEC's website at www.sec.gov and the Company's filings with the Canadian Securities Administrators ("CSA") may be accessed through the CSA's System for Electronic Data Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca. 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 the Company's 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, 2025. 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 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. 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 additional users. 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.

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.

Further, the Company's future success depends in part on the growth, if any, in the markets for secure communications software and embedded solutions. If growth trends in the Company's target markets do not continue or are delayed due to security incidents, technological challenges, lack of customer acceptance, weakening economic conditions or other reasons, demand for the Company's products, and those of its competitors, could be negatively affected.

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 third-party standards bodies in order to remain competitive, meet contractual requirements and enable its customers to meet their certification needs. Failure to obtain or maintain such approvals or certifications for the Company's products on a timely basis, or at all, could have a material adverse effect on the Company's competitive position, particularly in government markets. 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 Company may not be able to enhance, develop, introduce or monetize its products and services 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, to provide for their compatibility with evolving industry standards and operating systems, to address competing technologies and evolving security threats, 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 integrations with third-party platforms. The development of next-generation technologies that utilize new and advanced features involves making predictions regarding market adoption of such technologies. 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.

Significant changes in government customer demand or procurement requirements could have an adverse effect on the Company's business and results of operations.

The Company's Secure Communications business depends, to a significant degree, on sales to government organizations. Demand from government organizations is often unpredictable and subject to budgetary uncertainty and to reductions or delays in funding authorizations or procurement processes. Government demand and payment for the Company's products and services may also be impacted by changes in the political and administrative environment, including cost-cutting initiatives and changes in leadership, policies or priorities, and by shifting government attitudes towards the Company and the territories in which it operates. Such changes could cause governments and governmental agencies to delay or refrain from purchasing the Company's solutions or otherwise have an adverse effect on the Company's business and results of operations.

Sales to government entities and performance on classified contracts may require the Company to obtain personnel security clearances and facility clearances, and there is no guarantee that the Company will be able to obtain or maintain such clearances. In addition, government product requirements are often technically complex and the Company may be required to make costly changes to its products to meet such requirements without any assurance that such changes will generate a sale or improve the efficacy of its products.

The Company's sales cycles can be long and unpredictable and its sales efforts require considerable time and expense.

For many customers, licensing the Company's solutions represents a significant strategic decision and, as a result, sales cycles can be long and unpredictable, particularly during times of rising economic or geopolitical uncertainty. When dealing with automotive, government or large regulated enterprise customers, the Company is subject to risks related to increased customer bargaining power and pricing pressure, extended evaluation periods, regulatory changes, compliance with procurement requirements, complex approval systems, and unanticipated administrative delays. QNX revenue recognition is also subject to delays in the advancement of software-defined vehicle programs and the manufacture of new vehicles by automotive OEMs.

The Company's ability to grow software and services revenue is dependent in part on its ability to maintain a qualified direct sales force, which requires significant time and resources, including investment in systems and training. 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 in part on its relationships with resellers and distributors".

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.

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 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 Waterloo and Ottawa, Ontario areas, 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.

To attract and retain critical personnel, the Company may experience increased compensation costs that are not offset by increased productivity or higher prices for the Company's 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. Any failure by the Company to 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 could have a material adverse effect on the Company's business, results of operations and financial condition.

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

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.

Additionally, 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 or errors introduced through collaborations with the Company's engineering partners, could impair the effectiveness of the Company's solutions.

Real or perceived defects, errors or vulnerabilities in the Company's software and services could result in the delay or denial of their market acceptance and may harm the Company's financial condition, results of operations and reputation as a security solutions vendor. 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.

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

Challenging macroeconomic conditions, including as a result of geopolitical events, changes to international trade policies, public health crises, automotive labour disruptions, disruptions in global supply chains, and changes in inflation and interest rates, have negatively impacted and may in the future negatively impact consumer demand for automobiles and secure communications solutions, as well as sales cycles, and in turn have materially affected and may continue to materially affect the Company's business, results of operations and financial condition. Such economic factors and uncertainties are beyond the Company's control and the Company has no comparative advantage in forecasting their effects.

Additionally, the imposition of new tariffs, border taxes or other barriers to trade that directly or indirectly impact the Company's automotive or other customers could have a material adverse effect on the Company's results of operations. For example, since February 2025, the U.S. presidential administration has imposed or threatened to impose new tariffs on imported products from Canada, Mexico, China and other countries, including most notably tariffs on imports of steel, aluminum and automobiles. The administration has also proposed, or is in the process of, increasing current tariffs and imposing additional tariffs on other imported goods. Such U.S. tariffs, and any new or additional retaliatory tariffs that may be taken by Canada or other countries in response, may adversely affect the operations of the Company's customers and, consequently, demand for the Company's solutions. The Company is closely monitoring this evolving situation but there can be no assurance that the Company will be able to mitigate the impacts of any trade measures, which could be material to the Company's business operations or harm the Company's competitive position.

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. 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 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 claims 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 defence 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 11 to the Consolidated Financial Statements for information regarding certain legal proceedings in which the Company is involved.

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 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, cyberattack, 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 cyberattack 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, including those arising from third-party applications, in the past, none of which had a material impact on us. Any future outage in a network or system or other unanticipated problem that leads to an interruption or disruption of BlackBerry services, however, could have a material adverse effect on the Company's business, results of operations and financial condition, and could adversely affect the Company's reputation.

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 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 secure communications 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 success depends in part on its relationships with resellers and channel partners.

The Company's ability to maintain and expand its market reach depends in part on establishing, developing and maintaining relationships with third party resellers and channel partners, especially in its Secure Communications business.

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.

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 solutions offered by silicon vendors and other software vendors, such as those provided by Apple, Google and Microsoft, as well as by automotive OEMs. If the Company fails to support timely integrations with third-party solutions, 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 from other vendors, and if these vendors decide to restrict the Company's access to their APIs, that functionality would be lost and the Company's business could be impaired.

The Company uses artificial intelligence solutions, which may expose it to operational challenges, legal liability, reputational harm and regulatory concerns.

The Company incorporates novel uses of artificial intelligence ("AI") technologies, including generative AI, into its operations. The introduction of generative AI, an emerging technology in the early stages of commercial use, into the Company's operations may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality, ethical concerns, or other complications that could adversely affect the Company's business, reputation, or financial results. Known risks of generative AI currently include risks related to accuracy, bias, toxicity, privacy and security and data provenance. For example, AI technologies, including generative AI, may create content that appears correct but is factually inaccurate or flawed, or contains copyrighted or other protected material, and if the Company uses this flawed or protected content to its detriment or the owners of such copyrighted material seek to enforce their rights, the Company may be exposed to brand or reputational harm, competitive harm and/or legal liability.

The technologies underlying AI and its uses are the subject of ongoing review by various governmental and regulatory agencies, and various jurisdictions in the U.S., the European Union and elsewhere are applying, or are considering applying, their cybersecurity and data protection laws to AI or are considering general legal frameworks for AI. Any actual or perceived failure to comply with these laws, regulations or ethical standards could include significant penalties and reputational harm.

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.

The consideration payable to the Company from the sale of its non-core patent portfolio in the Malikie Transaction is expected to 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 is subject to risks related to the use of open source software may not be able to obtain rights to use third-party software.

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.

Certain of the Company's products include intellectual property that is 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.

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.

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 $200 million aggregate principal amount of 3.00% Senior Convertible Notes maturing on February 15, 2029 (the "Notes"). 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; and
- 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.

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 Notes on terms as favourable as those currently in place.

The Notes are subject to restrictive and other covenants that may limit the discretion of the Company and its subsidiaries with respect to certain business matters. 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.

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

As partial consideration for the sale of its Cylance endpoint security assets and liabilities to Arctic Wolf, the Company received common shares of Arctic Wolf as well as a covenant from Arctic Wolf to make a subsequent cash payment to the Company of

approximately $40 million one year following the closing. The common shares of Arctic Wolf are illiquid securities without a public market and, as such, they cannot be readily sold or exchanged for cash and they may be difficult to value accurately. The Company may not be able to sell these shares at desired times or prices, which could negatively impact its financial condition and results of operations. Additionally, the Company is exposed to risk related to potential non-payment of the deferred cash consideration from Arctic Wolf.

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 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.

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, the United States and numerous other 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.

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 territorial or other requirements for the collection, hosting, 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.

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.

Regulatory requirements and standards for identifying, measuring and reporting ESG matters continue to evolve in many of the jurisdictions in which the Company operates. 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

At the same time, "anti-ESG" sentiment has recently gained momentum across the U.S., as evidenced most notably by state legislative actions, investor initiatives, and an executive order opposing diversity, equity and inclusion ("DEI") programs in the private sector. Anti-ESG and anti-DEI-related policies, legislation, initiatives, litigation, and scrutiny could result in the Company facing additional compliance obligations, becoming the subject of investigations or enforcement actions, or sustaining reputational harm.

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 actively evaluates opportunities to acquire or invest in businesses, assets, products, services and technologies. Any such strategic transactions 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; and disruption of the Company's ongoing business. In addition, 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, as in the case of the sale of the Cylance endpoint security assets to Arctic Wolf. The Company may not be successful in identifying or managing the risks involved in any divestiture, including its ability to negotiate or collect a reasonable purchase price for the assets, potential liabilities that may continue to apply to the Company following the divestiture, potential tax implications, business disruption, 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 and regulations of Canada, the United States 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;
- 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;
- 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, 2025.

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.

The Company 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. From time to time, 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. Periods of volatility 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 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The Company's cybersecurity risk management program is an integral part of its overall enterprise risk management efforts. The Company manages cybersecurity risks within its products and services, infrastructure and corporate resources using a framework that is based on applicable regulations, industry standards and recognized best practices designed to safeguard the confidentiality, integrity, and availability of its information assets. Through this framework, the Company devotes appropriate resources to monitoring, identifying, assessing and responding to cybersecurity threats and incidents, including those associated with its use of third-party software, applications, services, and cloud infrastructure.

To mitigate risk to its systems, endpoints and data, the Company evaluates internal and external threat intelligence, deploys encryption and authentication technologies and other protective measures, maintains security policies and procedures, and conducts awareness training. The Company also conducts penetration and vulnerability testing and other risk assessments,

implements appropriate internal controls, and engages independent third-party auditors to evaluate its compliance with security industry standards.

The Company's incident response team, comprised of representatives from the Company's information technology, information security, product security, engineering, communications, privacy and legal groups, is responsible for addressing actual and potential security threats and other security incidents and implementing the Company's incident response plan. The Company's incident response plan includes processes and procedures for assessing potential internal and external threats, escalation, activation and notification, crisis management, and post-incident recovery.

The readiness of the incident response team is promoted through table-top exercises and threat simulations, including during the fiscal year ended February 28, 2025. The Company also conducts mandatory training of all employees on its security and data privacy practices and policies and periodically sends simulated phishing emails to employees to build resilience.

In addition, the Company maintains specific policies and practices to mitigate third party security risks, including a process for evaluating the security controls of vendors and service providers who exchange data with the Company or have access to or integrate with the Company's systems. At the same time, the Company's control over the security posture of third parties is limited and there can be no assurance that any vendor or service provider of the Company will not experience a compromise or failure in the information assets under its control.

For the years covered by this report, the Company did not identify any security threats or incidents that have materially affected or are reasonably likely to materially affect its business strategy, results of operations or financial condition. However, like all other enterprises, the Company faces known and unknown cybersecurity risks and threats that are not fully mitigated. While the Company works continuously to enhance its security programs and risk management efforts, it discovers vulnerabilities from time to time and there can be no assurance that the Company has not experienced an undetected cybersecurity incident or that it will not experience material loss or damage from an incident in the future.

Cybersecurity Governance

The Board has overall responsibility for the Company's enterprise risk management program, including cybersecurity risk, and the Audit and Risk Management Committee assists the Board with this oversight. The Company's internal audit function reports to the Audit and Risk Management Committee and, among other things, provides independent assurance on the Company's risk management activities and internal controls related to cybersecurity risk. For more information, see Part 3, Item 10 "Directors, Executive Officers and Corporate Governance – Enterprise Risk Management".

Management's cybersecurity programs operate under the leadership of the Company's Chief Information Security Officer ("CISO"), who oversees a team of information and product security professionals and monitors the prevention, detection, mitigation and remediation of cybersecurity risks. The CISO provides quarterly updates to the Board on the advancing maturity of the Company's cybersecurity program, including reports on security controls coverage and effectiveness, secure software development and product security, vulnerability testing and remediation, and security operations. The updates also include reports on improvements to processes, technology and governance to mitigate residual cybersecurity risk.

ITEM 2. PROPERTIES

The Company's headquarters are located in Waterloo, Ontario, where the campus consists of one leased building with approximately 148,200 square feet. The remaining lease term is approximately six years with the option to renew for an additional five years. The Company's other significant leased property is its Ottawa, Ontario facility at approximately 147,000 square feet. The remaining lease term is approximately two years with the option to renew for an additional three years. Company also operates facilities in the United States, Asia-Pacific, Europe and the Middle East for engineering, sales, marketing, research and development, the Company's data center, and operations, among other general and administrative purposes.

The following table sets forth the location and approximate square footage of the Company's leased facilities as of February 28, 2025:

	(Square feet in thousands)
Location	
North America	622
Europe, Middle East and Africa	33
Asia Pacific	78
Total	733

ITEM 3. LEGAL PROCEEDINGS

See Note 11 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, 2025, there were 1,063 registered holders of record of the Company's common shares.

Unregistered Sales of Equity Securities

The Company had no unregistered sales of equity securities during fiscal 2025 that were not previously reported.

Share Repurchases

The Company did not repurchase any shares during fiscal 2025 and the Company does not currently have a share repurchase program or approvals from the Board to commence a share repurchase program.

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 Capped Composite index and the peer group index (S&P Software & Services Select Industry Index) for the period of February 28, 2020 to February 28, 2025.

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 the Company's common shares. The graph lines merely connect measurement dates and do not reflect fluctuations between those dates.



	Base Period					
	2/28/2020	2/26/2021	2/28/2022	2/28/2023	2/29/2024	2/28/2025
BlackBerry Limited	$ 100.00	$ 194.39	132.88	75.05	53.77	91.10
S&P TSX Capped Composite	100.00	111.05	129.90	124.34	131.36	156.14
S&P Software & Services Select Industry Index	100.00	163.09	146.93	122.03	157.22	179.19

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, 2025. 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 by the Company 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 29, 2024 for a comparative discussion of our fiscal 2024 financial results as compared to our fiscal 2023 financial results, which is incorporated herein by reference. Additional information about the Company can be found on SEDAR+ at www.sedarplus.ca and on the SEC's website at www.sec.gov.

Cylance Sale

On February 3, 2025, the Company completed the sale of its Cylance endpoint security assets and related liabilities to Arctic Wolf Network, Inc. ("Arctic Wolf") for $160.0 million of cash, subject to certain adjustments of approximately $39.1 million, and 5.5 million common shares of Arctic Wolf. As a result of the Cylance sale, it is no longer reported alongside UEM, SecuSuite and AtHoc as the Cybersecurity segment, and those three businesses are now reported separately from Cylance as the Secure Communications segment. The financial results of Cylance are presented as discontinued operations and are included in "loss from discontinued operations, net of tax" in the Consolidated Statements of Operations and have been removed from the presentation of results from continuing operations. Prior period comparatives in the financial statements, and throughout this Annual Report on Form 10-K where applicable, have been recast to reflect this change

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;
- the Company's expectations with respect to its revenue, segment adjusted EBITDA, adjusted Corporate general and administrative costs, adjusted EBITDA, non-GAAP EPS and operating cash flow in the first quarter of fiscal 2026, and these items for fiscal 2026 as a whole;
- 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 “The Company: A heritage of innovation”, “Industry Background - QNX”, “Competition and Competitive Strengths - QNX”, “Intellectual Property” and “Human Capital”, and in the sections of this MD&A entitled, “Results of Operations - Fiscal year ended February 28, 2025 compared to fiscal year ended February 29, 2024 - Revenue - Revenue by Segment”, “Results of Operations - Fiscal year ended February 28, 2025 compared to fiscal year ended February 29, 2024 - Gross Margin and Adjusted EBITDA by Segment”, “Results of Operations - Fiscal year ended February 28, 2025 compared to fiscal year ended February 29, 2024 - Operating Expenses - General and Administrative Expenses”, “Results of Operations - Fiscal year ended February 28, 2025 compared to fiscal year ended February 29, 2024 - Net Loss ”, 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, competition, the Company’s expectations regarding its financial performance, and the Company’s expectations regarding the planned separation of its businesses. 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 enterprises and governments the intelligent software and services that power the world around us. Based in Waterloo, Ontario, the Company’s high-performance foundational software enables major automakers and industrial giants alike to unlock transformative applications, drive new revenue streams and launch innovative business models, all without sacrificing safety, security, and reliability. With a deep heritage in Secure Communications, BlackBerry delivers operational resiliency with a comprehensive, highly secure, and extensively certified portfolio for mobile fortification, mission-critical communications, and critical events management. 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 2025 and announced the following significant achievements:

Products and Innovation:

- QNX announced that its embedded technology powers more than 255 million vehicles;
- QNX launched its General Embedded Development Platform to accelerate developer innovation for embedded systems;
- QNX introduced a software-defined functional safety platform for industrial automation in collaboration with Intel;
- QNX added QNX® Containers to support operating system virtualization and containerization on QNX-based devices;
- BlackBerry UEM placed in the upper-right quadrant as a 2024 Gartner® Peer Insights™ Customers’ Choice for Unified Endpoint Management tools; and
- The Company announced that BlackBerry AtHoc is “in process” to become the first critical events management solution to obtain FedRAMP high authorization.

Customers and Partners:

- The Company completed the sale of its Cylance endpoint security assets to Arctic Wolf;
- QNX collaborated with Microsoft to make QNX SDP 8.0 available in the Microsoft Azure cloud environment;
- QNX announced a multi-year collaboration with Vector and TTTech Auto to develop and market a vehicle software platform that pre-integrates the QNX OS with other leading middleware components;
- QNX partnered with Pi Square Technologies to train software engineers across India as part of QNX Everywhere ecosystem expansion strategy;

- QNX extended its relationship with AMD to support a wider range of adaptive computing devices used in robotic systems and other embedded devices;
- QNX was selected by Hyundai Mobis to power its next-generation digital cockpit platform;
- QNX partnered with ETAS to jointly sell and market software solutions for SDVs; and
- QNX was selected by FERNRIDE for its safety-certified autonomous terminal tractor solution; and
- BlackBerry announced the Government of Canada's investment in the Malaysia Cybersecurity Center of Excellence.

Environmental, Sustainability and Corporate Governance:

- Appointed Lori O'Neill, an experienced corporate director and financial expert, to the Board of Directors;
- Appointed Lisa Bahash, an automotive OEM and Tier 1 supplier veteran, to the Board of Directors; and
- Appointed Tim Foote as Chief Financial Officer.

Fiscal 2025 Summary Results of Operations

The following table sets forth certain consolidated statements of operations data for the fiscal years ended February 28, 2025, February 29, 2024, and February 28, 2023:

	As at and for the Fiscal Years Ended *(in millions, except for share and per share amounts)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue	$ 534.9	$ 759.1	$ (224.2)	$ 526.3	$ 232.8
Gross margin	394.9	490.7	(95.8)	366.6	124.1
Operating expenses	394.1	479.7	(85.6)	573.4	(93.7)
Investment income, net	7.7	18.8	(11.1)	5.0	13.8
Income (loss) before income taxes	8.5	29.8	(21.3)	(201.8)	231.6
Provision for income taxes	17.0	24.2	(7.2)	13.7	10.5
Income (loss) from continuing operations	(8.5)	5.6	(14.1)	(215.5)	221.1
Loss from discontinued operations [1]	(70.5)	(135.8)	65.3	(518.9)	383.1
Net loss	$ (79.0)	$ (130.2)	$ 51.2	$ (734.4)	$ 604.2
Earnings (loss) per share - reported					
Basic	$ (0.13)	$ (0.22)		$ (1.27)	
Diluted	$ (0.13)	$ (0.22)		$ (1.35)	
Weighted-average number of shares outstanding (000's)					
Basic	591,470	584,543		578,654	
Diluted [1]	591,470	592,497		639,487	

(1) As a result of the Cylance sale, it is no longer reported alongside UEM, SecuSuite and AtHoc as the Cybersecurity segment, and those three businesses are now reported separately from Cylance as the Secure Communications segment. The financial results of Cylance are presented as "loss from discontinued operations, net of tax" in the Consolidated Statements of Operations and have been removed from the presentation of results from continuing operations. Prior period comparatives have been recast to reflect this change.

(2) Diluted loss per share on a U.S. GAAP basis for fiscal 2025 and 2024 do not include the dilutive effect of the Debentures (as defined below in "Debt Financing and Other Funding Sources") as to do so would be anti-dilutive. Diluted loss per share on a U.S. GAAP basis for fiscal 2025 and fiscal 2023 do not include the dilutive effect of stock-based compensation as to do so would be anti-dilutive. See Note 9 to the Consolidated Financial Statements for the fiscal year ended February 28, 2025 for calculation of the dilutive weighted average number of shares outstanding.

The following section sets forth certain consolidated statements of operations data for the three months ended February 28, 2025, February 29, 2024 and February 28, 2023:

	For the Three Months Ended *(in millions, except for share and per share amounts)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue	$ 141.7	$ 152.9	$ (11.2)	$ 123.6	$ 29.3
Gross margin	104.1	122.2	(18.1)	89.8	32.4
Operating expenses	112.1	134.7	(22.6)	191.0	(56.3)
Investment income, net	1.6	4.0	(2.4)	6.2	(2.2)
Loss before income taxes	(6.4)	(8.5)	2.1	(95.0)	86.5
Provision for income taxes	1.4	3.9	(2.5)	1.9	2.0
Loss from continuing operations	(7.8)	(12.4)	4.6	(96.9)	84.5
Income (loss) from discontinued operations [1]	0.4	(43.8)	44.2	(398.0)	354.2
Net loss	$ (7.4)	$ (56.2)	$ 48.8	$ (494.9)	$ 438.7
Earnings (loss) per share - reported					
Basic	$ (0.01)	$ (0.10)	$ 0.09	$ (0.85)	$ 0.75
Diluted [2]	$ (0.01)	$ (0.10)	$ 0.09	$ (0.81)	$ 0.71
Weighted-average number of shares outstanding (000's)					
Basic	594,267	587,523		581,493	
Diluted [2]	594,267	587,523		642,327	

(1) As a result of the Cylance sale, it is no longer reported alongside UEM, SecuSuite and AtHoc as the Cybersecurity segment, and those three businesses are now reported separately from Cylance as the Secure Communications segment. The financial results of Cylance are presented as "loss from discontinued operations, net of tax" in the Consolidated Statements of Operations and have been removed from the presentation of results from continuing operations. Prior period comparatives have been recast to reflect this change.

(2) Diluted loss per share on a U.S. GAAP basis in the fourth quarter of 2025 and 2024 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 2025, 2024 and 2023 do not include the dilutive effect of stock-based compensation as to do so would be anti-dilutive.

The following tables show information by operating segment for the three months and years ended February 28, 2025 and February 29, 2024. The Company reports segment information in accordance with U.S. GAAP ASC Section 280 based on the "management" approach. The management approach designates the internal reporting used by the Chief Operating Decision Maker ("CODM") for making decisions and assessing performance of the Company's reportable operating segments. The measure of segment profit or loss disclosed by the Company in the Consolidated Financial Statements under the "management" approach in reviewing the results of the Company's operating segments is segment adjusted gross margin. Additionally below, management uses the additional measures of segment profit or loss used by the CODM which is segment adjusted EBITDA a non-GAAP financial measure. Also note the change in presentation relating to expense reclassification as disclosed in Note 1 to the Consolidated Financial Statements. See Note 13 to the Consolidated Financial Statements for a description of the Company's operating segments.

For the Three Months Ended
(in millions)

	Secure Communications			QNX			Licensing			Segment Totals		
	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change
Segment revenue	$ 67.3	$ 71.6	$ (4.3)	$ 65.8	$ 65.9	$ (0.1)	$ 8.6	$ 15.4	$ (6.8)	$ 141.7	$ 152.9	$ (11.2)
Segment cost of sales	24.5	18.9	5.6	11.1	9.7	1.4	1.6	1.4	0.2	37.2	30.0	7.2
Segment adjusted gross margin	$ 42.8	$ 52.7	$ (9.9)	$ 54.7	$ 56.2	$ (1.5)	$ 7.0	$ 14.0	$ (7.0)	$ 104.5	$ 122.9	$ (18.4)
Segment research and development	9.1	11.6	(2.5)	13.1	16.0	(2.9)	—	—	—	22.2	27.6	(5.4)
Segment sales and marketing	12.0	13.4	(1.4)	14.5	12.3	2.2	—	—	—	26.5	25.7	0.8
Segment general and administrative	9.7	11.6	(1.9)	8.5	10.8	(2.3)	7.8	3.6	4.2	26.0	26.0	—
Less amortization included in the above	0.6	1.0	(0.4)	0.6	0.6	—	2.2	2.3	(0.1)	3.4	3.9	(0.5)
Segment adjusted EBITDA	$ 12.6	$ 17.1	$ (4.5)	$ 19.2	$ 17.7	$ 1.5	$ 1.4	$ 12.7	$ (11.3)	$ 33.2	$ 47.5	$ (14.3)

For the Years Ended
(in millions)

	Secure Communications			QNX			Licensing			Segment Totals		
	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change
Segment revenue	$ 272.6	$ 283.8	$ (11.2)	$ 236.0	$ 215.4	$ 20.6	$ 26.3	$ 259.9	$ (233.6)	$ 534.9	$ 759.1	$ (224.2)
Segment cost of sales	92.7	80.7	12.0	38.8	33.8	5.0	6.1	150.9	(144.8)	137.6	265.4	(127.8)
Segment adjusted gross margin	$ 179.9	$ 203.1	$ (23.2)	$ 197.2	$ 181.6	$ 15.6	$ 20.2	$ 109.0	$ (88.8)	$ 397.3	$ 493.7	$ (96.4)
Segment research and development	44.2	56.1	(11.9)	59.9	64.5	(4.6)	—	—	—	104.1	120.6	(16.5)
Segment sales and marketing	46.4	58.2	(11.8)	46.6	43.4	3.2	—	—	—	93.0	101.6	(8.6)
Segment general and administrative	40.2	47.2	(7.0)	33.9	43.1	(9.2)	13.4	23.2	(9.8)	87.5	113.5	(26.0)
Less amortization included in the above	3.2	4.4	(1.2)	2.3	2.9	(0.6)	9.0	9.7	(0.7)	14.5	17.0	(2.5)
Segment adjusted EBITDA	$ 52.3	$ 46.0	$ 6.3	$ 59.1	$ 33.5	$ 25.6	$ 15.8	$ 95.5	$ (79.7)	$ 127.2	$ 175.0	$ (47.8)

The following tables reconcile the Company's segment gross margin for the three months and year ended February 28, 2025 to consolidated U.S. GAAP results:

	For the Three Months Ended February 28, 2025 *(in millions)*					
	Secure Communications	QNX	Licensing	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 67.3	$ 65.8	$ 8.6	$ 141.7	$ —	$ 141.7
Cost of sales	24.5	11.1	1.6	37.2	0.4	37.6
Gross margin [1]	$ 42.8	$ 54.7	$ 7.0	$ 104.5	$ (0.4)	$ 104.1
Operating expenses					112.1	112.1
Investment income, net					1.6	1.6
Loss before income taxes						$ (6.4)

	For the Year Ended February 28, 2025 *(in millions)*					
	Secure Communications	QNX	Licensing	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 272.6	$ 236.0	$ 26.3	$ 534.9	$ —	$ 534.9
Cost of sales	92.7	38.8	6.1	137.6	2.4	140.0
Gross margin [1]	$ 179.9	$ 197.2	$ 20.2	$ 397.3	$ (2.4)	$ 394.9
Operating expenses					394.1	394.1
Investment income, net					7.7	7.7
Income before income taxes						$ 8.5

[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, 2025.

The following tables reconcile the Company's segment gross margin results for the three months and year ended February 29, 2024 to consolidated U.S. GAAP results:

	For the Three Months Ended February 29, 2024 *(in millions)*					
	Secure Communications	QNX	Licensing	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 71.6	$ 65.9	$ 15.4	$ 152.9	$ —	$ 152.9
Cost of sales	18.9	9.7	1.4	30.0	0.7	30.7
Gross margin [1]	$ 52.7	$ 56.2	$ 14.0	$ 122.9	$ (0.7)	$ 122.2
Operating expenses					134.7	134.7
Investment income, net					4.0	4.0
Loss before income taxes						$ (8.5)

	For the Year Ended February 29, 2024 *(in millions)*					
	Secure Communications	QNX	Licensing	**Segment Totals**	Reconciling Items	**Consolidated U.S. GAAP**
Revenue	$ 283.8	$ 215.4	$ 259.9	$ 759.1	$ —	$ 759.1
Cost of sales	80.7	33.8	150.9	265.4	3.0	268.4
Gross margin [1]	$ 203.1	$ 181.6	$ 109.0	$ 493.7	$ (3.0)	$ 490.7
Operating expenses					479.7	479.7
Investment income, net					18.8	18.8
Income before income taxes						$ 29.8

(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 29, 2024.

The following table reconciles total segment adjusted EBITDA for the three months and year ended February 28, 2025 and February 29, 2024 to the Company's consolidated totals:

	Three Months Ended		For the Years Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Total Segment Adjusted EBITDA	$ 33.2	$ 47.5	$ 127.2	$ 175.0
Adjustments (1):				
Stock compensation expense	4.3	4.8	20.6	28.8
Restructuring expenses	11.4	18.4	26.1	35.9
Less:				
Corporate general and administrative expense	12.1	9.3	43.0	33.3
Amortization	5.7	6.4	24.3	31.3
Impairment of long-lived assets	4.9	4.7	9.6	15.3
Impairment of goodwill	—	15.9	—	15.9
Prior Debentures fair value adjustment	—	0.5	—	3.5
Litigation settlement	2.8	—	2.8	—
Investment income	(1.6)	(4.0)	(7.7)	(18.8)
Consolidated income (loss) from continuing operations before income taxes	$ (6.4)	$ (8.5)	$ 8.5	$ 29.8

(1) The CODM reviews segment information on an adjusted EBITDA 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.

Restructuring expenses - Restructuring costs relate to employee termination benefits, facilities, streamlining many of the Company's centralized corporate functions into Secure Communications (formerly "Cybersecurity") and QNX (formerly "IoT") specific teams, and other costs pursuant to programs to reduce the Company's 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.

Financial Highlights

The Company had approximately $410.3 million in cash, cash equivalents and investments as of February 28, 2025 (Fiscal 2024 - $298.2 million).

In fiscal 2025, the Company recognized revenue of $534.9 million and incurred a net loss of $79.0 million, or 0.13 basic and diluted loss per share on a U.S. GAAP basis (fiscal 2024 - revenue of $759.1 million and net loss of $130.2, or 0.22 basic loss and diluted loss per share). The Company recognized net loss from continuing operations of $8.5 million, or $0.01 basic and diluted loss per share on a U.S. GAAP basis for fiscal 2025 (fiscal 2024 - net income from continuing operations of $5.6 million, or $0.01 basic and diluted earnings per share).

The Company recognized adjusted net income of $12.5 million, or adjusted income of $0.02 per share, on a non-GAAP basis in fiscal 2025 (fiscal 2024 - adjusted net income of $30.6 million and adjusted income of $0.05 per share). See "Non-GAAP Financial Measures" below. Adjusted net income from continuing operations was $57.6 million in fiscal 2025 or $0.10 adjusted basic earnings per share from continuing operations (fiscal 2024 - adjusted net income from continuing operations of $116.0 million, or $0.20 adjusted basic earnings per share from continuing operations).

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 April 2, 2025, the Company announced financial results for the three months and fiscal year ended February 28, 2025, which included certain non-GAAP financial measures and non-GAAP ratios, including adjusted gross margin, adjusted gross margin percentage, adjusted operating expense, adjusted income (loss) from continuing operations, adjusted net income (loss), adjusted earnings (loss) per share, adjusted research and development expense, adjusted sales and marketing expense, adjusted general and administrative expense, adjusted amortization expense, adjusted operating income (loss), adjusted EBITDA, adjusted EBITDA from continuing and discontinued operations, adjusted segment 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 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 are useful in helping management and readers understand the Company's operating results and underlying operational trends. For purposes of comparability, the Company's non-GAAP financial measures for the three months ended and years ended February 29, 2024 and February 28, 2023 have been updated to conform to the current year's presentation and discontinued operations.

- *Prior Debentures fair value adjustment*. The Company elected to measure the Prior Debentures (as defined below) at fair value in accordance with the fair value option under U.S. GAAP. Each period, the fair value of the Prior Debentures was recalculated and the resulting non-cash income and charges from the change in fair value from non-credit components of the Prior Debentures were recognized in income. The amount varied each period depending on changes to the Company's share price, share price volatility and credit indices. This was 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, streamlining many of the Company's centralized corporate functions into Secure Communications (formerly "Cybersecurity") and QNX (formerly "IoT") specific teams, and other costs pursuant to programs to reduce the Company's 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 ("LLA impairment charge") 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 settlements*. 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, 2025, February 29, 2024 and February 28, 2023

Readers are cautioned that adjusted gross margin, adjusted gross margin percentage, adjusted operating expense, adjusted income (loss) from continuing operations, adjusted net income (loss), adjusted earnings (loss) per share, adjusted research and development expense, adjusted sales and marketing expense, adjusted general and administrative expense, adjusted amortization expense, adjusted operating income (loss), adjusted EBITDA, adjusted EBITDA from continuing and discontinued operations, adjusted segment 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.

A reconciliation of the most directly comparable U.S. GAAP financial measures for the three months ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted financial measures is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Gross margin	$ 104.1	$ 122.2	$ 89.8
Stock compensation expense	0.4	0.7	0.7
Adjusted gross margin	$ 104.5	$ 122.9	$ 90.5
Gross margin %	73.5 %	79.9 %	72.7 %
Stock compensation expense	0.2 %	0.5 %	0.5 %
Adjusted gross margin %	73.7 %	80.4 %	73.2 %

Reconciliation of U.S. GAAP operating expense for the three months ended February 28, 2025, November 30, 2024, February 29, 2024 and February 28, 2023 to adjusted operating expense is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2025	November 30, 2024	February 29, 2024	February 28, 2023
Operating expense	$ 112.1	$ 92.7	$ 134.7	$ 191.0
Restructuring charges	11.4	6.1	18.4	5.9
Stock compensation expense	3.9	4.1	4.1	7.1
Prior Debentures fair value adjustment	—	—	0.5	(25.4)
Acquired intangibles amortization	1.7	1.8	1.8	3.5
Litigation settlements	2.8	—	—	—
Goodwill impairment charge	—	—	15.9	112.1
LLA impairment charge	4.9	1.0	4.7	—
Adjusted operating expense	$ 87.4	$ 79.7	$ 89.3	$ 87.8

Reconciliation of U.S. GAAP loss from continuing operations, U.S. GAAP net income (loss) and U.S. GAAP basic earnings (loss) per share for the three months ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted income (loss) from continuing operations, 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, 2025		February 29, 2024		February 28, 2023	
		Basic earnings (loss) per share		Basic earnings (loss) per share		Basic earnings (loss) per share
Loss from continuing operations	$ (7.8)	$(0.01)	$ (12.4)	$(0.02)	$ (96.9)	$(0.17)
Restructuring charges	11.4		18.4		5.9	
Stock compensation expense	4.3		4.8		7.8	
Prior Debentures fair value adjustment	—		0.5		(25.4)	
Acquired intangibles amortization	1.7		1.8		3.5	
Litigation settlements	2.8		—		—	
Goodwill impairment charge	—		15.9		112.1	
LLA impairment charge	4.9		4.7		—	
Adjusted income from continuing operations	$ 17.3	$0.03	$ 33.7	$0.06	$ 7.0	$0.01
Net income (loss)	$ (7.4)	$(0.01)	$ (56.2)	$(0.10)	$ (494.9)	$(0.85)
Restructuring charges	11.4		18.4		5.9	
Stock compensation expense	4.3		5.6		10.5	
Prior Debentures fair value adjustment	—		0.5		(25.4)	
Acquired intangibles amortization	1.7		8.6		14.4	
Litigation settlements	2.8		—		—	
Goodwill impairment charge	—		34.8		245.4	
LLA impairment charge	4.9		4.7		231.0	
Adjusted net income (loss)	$ 17.7	$0.03	$ 16.4	$0.03	$ (13.1)	$(0.02)

Reconciliation of U.S. GAAP research and development, sales and marketing, general and administrative, and amortization expense for the three months ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted research and development, sales and marketing, general and administrative, and amortization expense is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Research and development	$ 23.2	$ 28.9	$ 33.1
Stock compensation expense	1.2	1.6	1.8
Adjusted research and development expense	$ 22.0	$ 27.3	$ 31.3
Sales and marketing	$ 27.1	$ 26.0	$ 28.7
Stock compensation expense	0.7	0.3	0.9
Adjusted sales and marketing expense	$ 26.4	$ 25.7	$ 27.8
General and administrative	$ 50.0	$ 54.0	$ 35.8
Restructuring charges	11.4	18.4	5.9
Stock compensation expense	2.0	2.2	4.4
Adjusted general and administrative expense	$ 36.6	$ 33.4	$ 25.5
Amortization	$ 4.1	$ 4.7	$ 6.7
Acquired intangibles amortization	1.7	1.8	3.5
Adjusted amortization expense	$ 2.4	$ 2.9	$ 3.2

Reconciliation of non-GAAP based measures with most directly comparable U.S. GAAP based measures for the years ended February 28, 2025, February 29, 2024 and February 28, 2023

A reconciliation of the most directly comparable U.S. GAAP financial measures for the years ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted financial measures is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Gross margin	$ 394.9	$ 490.7	$ 366.6
Stock compensation expense	2.4	3.0	3.0
Adjusted gross margin	$ 397.3	$ 493.7	$ 369.6
Gross margin %	73.8 %	64.6 %	69.7 %
Stock compensation expense	0.5 %	0.4 %	0.5 %
Adjusted gross margin %	74.3 %	65.0 %	70.2 %
Operating expense	$ 394.1	$ 479.7	$ 573.4
Restructuring charges	26.1	35.9	10.2
Stock compensation expense	18.2	25.8	24.4
Prior Debentures fair value adjustment	—	3.5	(137.4)
Acquired intangibles amortization	7.0	11.0	13.8
Litigation settlements	2.8	—	165.0
Goodwill impairment charge	—	15.9	112.1
LLA impairment charge	9.6	15.3	3.5
Adjusted operating expense	$ 330.4	$ 372.3	$ 381.8

Reconciliation of U.S. GAAP income (loss) from continuing operations, U.S. GAAP net income (loss) and U.S. GAAP basic earnings (loss) per share for the years ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted income (loss) from continuing operations, 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, 2025		February 29, 2024		February 28, 2023	
		Basic earnings (loss) per share		Basic earnings (loss) per share		Basic loss per share
Income (loss) from continuing operations	$ (8.5)	$ (0.01)	$ 5.6	$ 0.01	$ (215.5)	$ (0.37)
Restructuring charges	26.1		35.9		10.2	
Stock compensation expense	20.6		28.8		27.4	
Prior Debentures fair value adjustment	—		3.5		(137.4)	
Acquired intangibles amortization	7.0		11.0		13.8	
Litigation settlements	2.8		—		165.0	
Goodwill impairment charge	—		15.9		112.1	
LLA impairment charge	9.6		15.3		3.5	
Adjusted income (loss) from continuing operations	$ 57.6	$0.10	$ 116.0	$0.20	$ (20.9)	$(0.04)
Net loss	$ (79.0)	$(0.13)	$ (130.2)	$(0.22)	$ (734.4)	$(1.27)
Restructuring charges	26.1		35.9		10.2	
Stock compensation expense	25.6		33.1		31.4	
Prior Debentures fair value adjustment	—		3.5		(137.4)	
Acquired intangibles amortization	27.4		38.2		82.0	
Litigation settlements	2.8		—		165.0	
Goodwill impairment charge	—		34.8		245.4	
LLA impairment charge	9.6		15.3		234.5	
Adjusted net income (loss)	$ 12.5	$0.02	$ 30.6	$0.05	$ (103.3)	$(0.17)

Reconciliation of U.S GAAP research and development, sales and marketing, general and administrative, and amortization expense for the years ended February 28, 2025, February 29, 2024 and February 28, 2023 to adjusted research and development, sales and marketing, general and administrative, and amortization expense is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Research and development	$ 108.8	$ 127.1	$ 134.2
Stock compensation expense	5.3	7.3	7.4
Adjusted research and development expense	$ 103.5	$ 119.8	$ 126.8
Sales and marketing	$ 95.5	$ 104.0	$ 102.6
Stock compensation expense	2.8	2.5	2.7
Adjusted sales and marketing expense	$ 92.7	$ 101.5	$ 99.9
General and administrative	$ 159.7	$ 187.2	$ 172.0
Restructuring charges	26.1	35.9	10.2
Stock compensation expense	10.1	16.0	14.3
Adjusted general and administrative expense	$ 123.5	$ 135.3	$ 147.5
Amortization	$ 17.7	$ 26.7	$ 27.4
Acquired intangibles amortization	7.0	11.0	13.8
Adjusted amortization expense	$ 10.7	$ 15.7	$ 13.6

Adjusted operating income, adjusted EBITDA, adjusted operating income margin percentage and adjusted EBITDA margin percentage for the three months ended February 28, 2025, February 29, 2024 and February 28, 2023 are reflected in the table below.

For the Three Months Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Operating loss	$ (8.0)	$ (12.5)	$ (101.2)
Non-GAAP adjustments to operating loss			
Restructuring charges	11.4	18.4	5.9
Stock compensation expense	4.3	4.8	7.8
Prior Debentures fair value adjustment	—	0.5	(25.4)
Acquired intangibles amortization	1.7	1.8	3.5
Litigation settlements	2.8	—	—
Goodwill impairment charge	—	15.9	112.1
LLA impairment charge	4.9	4.7	—
Total non-GAAP adjustments to operating loss	25.1	46.1	103.9
Adjusted operating income	17.1	33.6	2.7
Amortization	5.7	6.4	9.0
Acquired intangibles amortization	(1.7)	(1.8)	(3.5)
Adjusted EBITDA	$ 21.1	$ 38.2	$ 8.2
Revenue	$ 141.7	$ 152.9	$ 123.6
Adjusted operating income margin %[1]	12%	22%	2%
Adjusted EBITDA margin %[2]	15%	25%	7%

(1) Adjusted operating income margin % is calculated by dividing adjusted operating income 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, 2025, February 29, 2024 and February 28, 2023 are reflected in the table below.

For the Fiscal Years Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Operating income (loss)	$ 0.8	$ 11.0	$ (206.8)
Non-GAAP adjustments to operating income (loss)			
Restructuring charges	26.1	35.9	10.2
Stock compensation expense	20.6	28.8	27.4
Prior Debentures fair value adjustment	—	3.5	(137.4)
Acquired intangibles amortization	7.0	11.0	13.8
Litigation settlements	2.8	—	165.0
Goodwill impairment charge	—	15.9	112.1
LLA impairment charge	9.6	15.3	3.5
Total non-GAAP adjustments to operating income (loss)	66.1	110.4	194.6
Adjusted operating income (loss)	66.9	121.4	(12.2)
Amortization	24.3	31.3	36.5
Acquired intangibles amortization	(7.0)	(11.0)	(13.8)
Adjusted EBITDA	$ 84.2	$ 141.7	$ 10.5
Revenue	$ 534.9	$ 759.1	$ 526.3
Adjusted operating income (loss) margin % [1]	13 %	16 %	(2 %)
Adjusted EBITDA margin % [2]	16 %	19 %	2 %

[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 EBITDA from continuing and discontinued operations for the fiscal years ended February 28, 2025, February 29, 2024 and February 28, 2023 are reflected in the table below.

For the Fiscal Years Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Net loss	$ (79.0)	$ (130.2)	$ (734.4)
Non-GAAP adjustments to operating loss			
Restructuring charges	26.1	35.9	10.2
Stock compensation expense	25.6	33.1	31.4
Prior Debentures fair value adjustment	—	3.5	(137.4)
Acquired intangibles amortization	27.4	38.2	82.0
Litigation settlements	2.8	—	165.0
Goodwill impairment charge	—	34.8	245.4
LLA impairment charge	9.6	15.3	234.5
Total non-GAAP adjustments to net loss	91.5	160.8	631.1
Adjusted operating income (loss)	12.5	30.6	(103.3)
Amortization	44.7	58.5	104.7
Acquired intangibles amortization	(27.4)	(38.2)	(82.0)
Investment income, net	(7.7)	(18.8)	(5.0)
Provision for income taxes from continuing and discontinued operations	17.2	24.2	13.7
Adjusted EBITDA from continuing and discontinued operations	$ 39.3	$ 56.3	$ (71.9)

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, 2025, February 29, 2024 and February 28, 2023 to free cash flow (usage) is reflected in the table below:

For the Three Months Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Net cash provided by (used in) operating activities	$ 42.0	$ (14.7)	$ (6.9)
Acquisition of property, plant and equipment	(0.5)	(1.6)	$ (2.0)
Free cash flow (usage)	$ 41.5	$ (16.3)	$ (8.9)

Reconciliation of U.S. GAAP net cash provided by (used in) operating activities for the years ended February 28, 2025, February 29, 2024 and February 28, 2023 to free cash flow (usage) is reflected in the table below:

For the Fiscal Years Ended (in millions)	February 28, 2025	February 29, 2024	February 28, 2023
Net cash provided by (used in) operating activities	$ 16.5	$ (3.5)	$ (262.2)
Acquisition of property, plant and equipment	(3.1)	(7.1)	(7.3)
Free cash flow (usage)	$ 13.4	$ (10.6)	$ (269.5)

For the year ended February 28, 2023, free cash usage includes $165.0 million paid in relation to a legal 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 Secure Communications annual recurring revenue ("ARR"), Secure Communications dollar-based net retention rate ("DBNRR") 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, 2025 and February 29, 2024 are set forth below.

For the Three Months Ended (in millions)	February 28, 2025	February 29, 2024	Change
Secure Communications Annual Recurring Revenue	$ 208	$ 202	$ 6
Secure Communications Dollar-Based Net Retention Rate	93 %	91 %	2 %
QNX Royalty Backlog	$ 865	$ 815	$ 50

Secure Communications 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 Secure Communications business.

Secure Communications ARR was approximately $208 million in the fourth quarter of fiscal 2025 and decreased compared to $215 million in the third quarter of fiscal 2025 and increased compared to $202 million in the fourth quarter of fiscal 2024 primarily due to customer churn in the UEM business.

Secure Communications Dollar-Based Net Retention Rate

The Company calculates the Secure Communications DBNRR as of period end by first calculating the Secure Communications ARR from the customer base as at 12 months prior to the current period end ("Prior Period ARR"). The Company then calculates the Secure Communications 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. The Company uses DBNRR as an indicator of business momentum for the Secure Communications business.

Secure Communications DBNRR was 93% in the fourth quarter of fiscal 2025 and decreased compared to 95% in the third quarter of fiscal 2025 and increased compared to 91% in the fourth quarter of fiscal 2024.

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.

QNX royalty backlog was approximately $865 million at the end of the fourth quarter of fiscal 2025 and increased compared to approximately $815 million at the end of the fourth quarter of fiscal 2024.

Results of Operations - Fiscal year ended February 28, 2025 compared to fiscal year ended February 29, 2024

Revenue

Revenue by Segment

Comparative breakdowns of revenue by segment are set forth below.

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue by Segment					
Secure Communications	$ 272.6	$ 283.8	$ (11.2)	$ 288.2	$ (4.4)
QNX	236.0	215.4	20.6	205.7	9.7
Licensing	26.3	259.9	(233.6)	32.4	227.5
	$ 534.9	$ 759.1	$ (224.2)	$ 526.3	$ 232.8
% Revenue by Segment					
Secure Communications	51.0 %	37.4 %		54.8 %	
QNX	44.1 %	28.4 %		39.1 %	
Licensing	4.9 %	34.2 %		6.1 %	
	100.0 %	100.0 %		100.0 %	

Secure Communications

The decrease in Secure Communications revenue of $11.2 million was primarily due to a decrease of $34.9 million relating to up-front components of revenue recognized in fiscal 2024 on the Company's long term agreement with the Government of Malaysia and a decrease of $19.1 million in BlackBerry UEM product revenue, partially offset by an increase of $32.1 million relating to product revenue in Secusmart, an increase of $7.9 million increase in professional services revenue and an increase of $2.7 million in BlackBerry AtHoc.

The Company previously stated that it expected Secure Communications revenue to be in the range of $267 million to $271 million for fiscal 2025 as a whole. Secure Communications revenue was $272.6 million for fiscal 2025.

The Company expects Secure Communications revenue to be in the range of $50 million to $54 million in the first quarter of fiscal 2026, and for the full year to be in the range of $230 million to $240 million in fiscal 2026.

QNX

The increase in QNX revenue of $20.6 million was primarily due to an increase of $22.1 million in BlackBerry QNX royalty revenue and an increase of $6.3 million in BlackBerry Radar revenue, partially offset by a decrease of $4.9 million in BlackBerry QNX development seat revenue and a decrease of $1.7 million in professional services.

The Company previously stated that it expected QNX revenue to be in the range of $230 million to $235 million for fiscal 2025 as a whole. QNX revenue for fiscal 2025 was $236.0 million.

The Company expects QNX revenue to be in the range of $51 million to $55 million in the first quarter of fiscal 2026. The Company previously stated that it expects QNX revenue to be in the range of $260 million to $270 million for fiscal 2026 as a whole. The Company now expects QNX revenue to be in the range of $250 million to $270 million for fiscal 2026 as a whole due to the uncertain impact of new U.S. tariffs and global retaliatory tariffs on QNX's automotive customers.

Licensing

The decrease in Licensing revenue of $233.6 million was primarily due to $217.7 million associated with the Company's patent sale in the first quarter of fiscal 2024, which was a one time-event, and a decrease of $15.9 million in revenue from the Company's other intellectual property licensing arrangements.

The Company previously stated that it expected Licensing revenue to be approximately $20 million for fiscal 2025 as a whole. Licensing revenue was $26.3 million for fiscal 2025 due to the timing of new licensing deals.

The Company expects Licensing revenue to be approximately $6 million in each of the four quarters of fiscal 2026.

Total BlackBerry Revenue

The Company previously stated that it expected total BlackBerry revenue to be in the range of $517 million to $526 million in fiscal 2025 as a whole. Total BlackBerry revenue was $534.9 million and was higher due to the total impact of each of the Company's operating segments exceeding the top end of the Company's expectation ranges.

The Company expects total BlackBerry revenue to be approximately $107 million to $115 million in the first quarter of fiscal 2026, and for the full year to be in the range of $504 million to $534 million in fiscal 2026.

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, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue by Geography					
North America	$ 248.7	$ 496.9	$ (248.2)	$ 261.7	$ 235.2
Europe, Middle East and Africa	188.6	159.0	29.6	203.1	(44.1)
Other regions	97.6	103.2	(5.6)	61.5	41.7
	$ 534.9	$ 759.1	$ (224.2)	$ 526.3	$ 232.8
% Revenue by Geography					
North America	46.5 %	65.5 %		49.7 %	
Europe, Middle East and Africa	35.3 %	20.9 %		38.6 %	
Other regions	18.2 %	13.6 %		11.7 %	
	100.0 %	100.0 %		100.0 %	

North America Revenue

The decrease in North America revenue of $248.2 million was primarily due to $217.7 million associated with the Company's patent sale in the first quarter of fiscal 2024, which was a one time-event, a decrease of $17.6 BlackBerry UEM licensing revenue, a decrease of $15.9 million in revenue from the Company's other intellectual property licensing arrangements and a decrease of $8.4 million in BlackBerry QNX development seat revenue, partially offset by an increase of $8.8 million in BlackBerry QNX royalty revenue and an increase of $5.8 million in BlackBerry Radar.

Europe, Middle East and Africa Revenue

The increase in Europe, Middle East and Africa revenue of $29.6 million was primarily due to an increase of $32.0 million relating to product revenue in Secusmart and an increase of $3.2 million in BlackBerry QNX royalty revenue, partially offset by a decrease of $4.3 million in professional services revenue.

Other Regions Revenue

The decrease in Other regions revenue of $5.6 million was primarily due to a decrease of $34.9 million relating to up-front components of revenue recognized in fiscal 2024 on the Company's long term agreement with the Government of Malaysia, partially offset by an increase of $11.7 million professional services revenue, an increase of $10.2 million in BlackBerry QNX royalty revenue and an increase of $3.3 million in BlackBerry QNX development seat revenue.

Gross Margin

Consolidated Gross Margin

Consolidated gross margin decreased by $95.8 million to approximately $394.9 million in fiscal 2025 (fiscal 2024 - $490.7 million). The decrease was primarily due to the patent sale in the first quarter of fiscal 2024, which was a one-time event, and a lower gross margin from Secusmart due to change in product mix, partially offset by an increase in revenue from BlackBerry QNX due to the reasons discussed above in "Revenue by Segment", as the cost of sales for most software and services products does not significantly fluctuate based on business volume.

Consolidated Gross Margin Percentage

Consolidated gross margin percentage increased by 9.2%, to approximately 73.8% of consolidated revenue in fiscal 2025 (fiscal 2024 - 64.6%). The increase was primarily due to a change in mix specifically a lower gross margin contribution from Licensing, which had a lower relative gross margin percentage in fiscal 2024 due to the patent sale, and a higher gross margin contribution from BlackBerry QNX.

Gross Margin and Adjusted EBITDA by Segment

See "Business Overview" and "Fiscal 2025 Summary Results of Operations" for information about the Company's operating segments and the basis of operating segment results.

	For the Year Ended *(in millions)*														
	Secure Communications			QNX			Licensing			Segment Totals		
	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change
Segment revenue	$ 272.6	$ 283.8	$ (11.2)	$ 236.0	$ 215.4	$ 20.6	$ 26.3	$ 259.9	$ (233.6)	$ 534.9	$ 759.1	$ (224.2)
Segment cost of sales	92.7	80.7	12.0	38.8	33.8	5.0	6.1	150.9	(144.8)	137.6	265.4	(127.8)
Segment gross margin	$ 179.9	$ 203.1	$ (23.2)	$ 197.2	$ 181.6	$ 15.6	$ 20.2	$ 109.0	$ (88.8)	$ 397.3	$ 493.7	$ (96.4)
Segment research and development	44.2	56.1	(11.9)	59.9	64.5	(4.6)	—	—	—	104.1	120.6	(16.5)
Segment sales and marketing	46.4	58.2	(11.8)	46.6	43.4	3.2	—	—	—	93.0	101.6	(8.6)
Segment general and administrative	40.2	47.2	(7.0)	33.9	43.1	(9.2)	13.4	23.2	(9.8)	87.5	113.5	(26.0)
Less amortization included in the above	3.2	4.4	(1.2)	2.3	2.9	(0.6)	9.0	9.7	(0.7)	14.5	17.0	(2.5)
Segment adjusted EBITDA	$ 52.3	$ 46.0	$ 6.3	$ 59.1	$ 33.5	$ 25.6	$ 15.8	$ 95.5	$ (79.7)	$ 127.2	$ 175.0	$ (47.8)

Secure Communications

The decrease in Secure Communications gross margin of $23.2 million was primarily due to a change in mix, specifically a decrease in gross margin contribution from Secusmart software licenses, which had a higher relative gross margin percentage in fiscal 2024 due to up-front components of revenue recognized on the Company's long-term agreement with the Government of Malaysia.

The decrease in Secure Communications gross margin percentage of 6% was primarily due to the same reasons discussed above.

The increase in Secure Communications adjusted EBITDA of $6.3 million was primarily due to decreases in salaries and benefits expense, partially offset by the reasons discussed above in "Revenue by Segment".

The Company previously stated that it expected Secure Communications adjusted EBITDA to be in the range of $43 million to $45 million for fiscal 2025 as a whole. Secure Communications adjusted EBITDA was $52.3 million for fiscal 2025 as a whole due to lower than expected salaries and benefits expense and revenue exceeding the top end of the Company's expectation ranges.

The Company expects Secure Communications adjusted EBITDA to be in the range of $34 million to $44 million in fiscal 2026 and to be in the range of $3 million to $6 million in the first quarter of fiscal 2026.

QNX

The increase in QNX gross margin of $15.6 million was primarily due to the reasons discussed above in "Revenue by Segment", partially offset by an increase in cost of sales related to Radar hardware devices.

QNX gross margin percentage of 84% was consistent with fiscal 2024.

The increase in QNX adjusted EBITDA of $25.6 million was primarily due to the reasons discussed above in "Revenue by Segment", a decrease in facilities costs, a decrease in consulting costs and a benefit 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.

The Company previously stated that it expected QNX adjusted EBITDA to be in the range of $48 million to $50 million in fiscal 2025. QNX adjusted EBITDA was $59.1 million in fiscal 2025 due to SIF claims, lower than expected salaries and benefits expense, lower cost of sales due to product mix and revenue exceeding the top end of the Company's expectation ranges.

The Company previously stated that it expected QNX adjusted EBITDA margin percentage to be approximately 18% in fiscal 2025. QNX adjusted EBITDA margin percentage was 25% due to the reasons noted above.

The Company expects QNX adjusted EBITDA to be in the range of $55 million to $60 million in fiscal 2026 and to be in the range of $2 million to $6 million in the first quarter of fiscal 2026.

Licensing

The decrease in Licensing gross margin of $88.8 million was primarily due to the patent sale in the first quarter of fiscal 2024, which had a lower relative gross margin percentage due to the cost basis of the sold assets which was de-recognized.

The increase in Licensing gross margin percentage of 35% was primarily due to the same reason discussed above.

The decrease in Licensing adjusted EBITDA of $79.7 million was primarily due to the same reason discussed above and an increase in credit loss provision that was subsequently written off, partially offset by a decrease in legal expense.

The Company previously stated that it expected Licensing adjusted EBITDA to be approximately $16 million in fiscal 2025. Licensing adjusted EBITDA was $15.8 million in fiscal 2025.

The Company previously stated that it expected Licensing adjusted EBITDA margin percentage to be approximately 65% in fiscal 2025. Licensing adjusted EBITDA was 60% in fiscal 2025 due to the reasons noted above.

The Company expects Licensing adjusted EBITDA to be approximately $20 million in fiscal 2026 and to be approximately $5 million in each of the four quarters of fiscal 2026.

The Company previously stated that it expected the negative impact to adjusted EBITDA from its Corporate functions to be approximately $48 million in fiscal 2025. The negative impact to adjusted EBITDA from the Corporate functions was $43.0 million in fiscal 2025 and $12.1 million in the fourth quarter of fiscal 2025.

Operating Expenses

The table below presents a comparison of research and development, sales and marketing, general and administrative, and amortization expense for fiscal 2025 compared to fiscal 2024 and fiscal 2024 compared to fiscal 2023.

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue	$ 534.9	$ 759.1	$ (224.2)	$ 526.3	$ 232.8
Operating expenses					
Research and development	108.8	127.1	(18.3)	134.2	(7.1)
Sales and marketing	95.5	104.0	(8.5)	102.6	1.4
General and administrative	159.7	187.2	(27.5)	172.0	15.2
Amortization	17.7	26.7	(9.0)	27.4	(0.7)
Impairment of goodwill	—	15.9	(15.9)	112.1	(96.2)
Impairment of long-lived assets	9.6	15.3	(5.7)	3.5	11.8
Gain on sale of property, plant and equipment, net	—	—	—	(6.0)	6.0
Debentures fair value adjustment	—	3.5	(3.5)	(137.4)	140.9
Litigation settlements	2.8	—	2.8	165.0	(165.0)
Total	$ 394.1	$ 479.7	$ (85.6)	$ 573.4	$ (93.7)
Operating Expense as % of Revenue					
Research and development	20.3 %	16.7 %		25.5 %	
Sales and marketing	17.9 %	13.7 %		19.5 %	
General and administrative	29.9 %	24.7 %		32.7 %	
Amortization	3.3 %	3.5 %		5.2 %	
Impairment of goodwill	— %	2.1 %		21.3 %	
Impairment of long-lived assets	1.8 %	2.0 %		0.7 %	
Gain on sale of property, plant and equipment, net	— %	— %		(1.1 %)	
Debentures fair value adjustment	— %	0.5 %		(26.1 %)	
Litigation settlements	0.5 %	— %		31.4 %	
Total	73.7 %	63.2 %		108.9 %	

See “Non-GAAP Financial Measures” for a reconciliation of selected U.S. GAAP-based measures to adjusted measures for the years ended February 28, 2025, February 29, 2024 and February 28, 2023.

U.S. GAAP Operating Expenses

Operating expenses decreased by $85.6 million, or 17.8% in fiscal 2025 compared to fiscal 2024. The decrease was primarily due to a decrease of $34.9 million in salaries and benefits, a decrease of $15.9 million in goodwill impairment, a decrease of $9.9 million in facilities costs, a decrease of $9.8 million in restructuring costs, a decrease of $9.0 million in amortization expense, a decrease of $8.9 million in legal expenses, a decrease of $8.7 million in consulting cost, a decrease of $7.6 million in stock compensation expense and a decrease of $5.7 million in impairment of long-lived assets, partially offset by an increase of $19.1 million related to the release of an accrued liability relating to the Company's legacy mobile device business in fiscal 2024 which did not recur and an increase of $10.8 million in variable incentive plan cost, and an increase of $5.3 million in the Company's deferred share unit costs.

Adjusted Operating Expenses

Adjusted operating expenses decreased by $41.9 million, or 11.3%, to $330.4 million in fiscal 2025, compared to $372.3 million in fiscal 2024. The decrease was primarily attributable to a decrease of $34.9 million in salaries and benefits, a decrease of $11.7 million in legal expenses, a decrease of $9.9 million in facilities costs, a decrease of $8.9 million in amortization expense and a decrease of $8.7 million in consulting cost, partially offset by an increase of $19.1 million related to the release of an accrued liability relating to the Company's legacy mobile device business in fiscal 2024 which did not recur, an increase of $10.8 million in variable incentive plan cost, an increase of $5.3 million in the Company's deferred share unit costs.

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 $18.3 million, or 14.4% in fiscal 2025 compared to fiscal 2024. The decrease was primarily attributable to a decrease of $9.4 million in salaries and benefits expenses, a decrease of $7.1 million in consulting cost, and an increase in benefits of $3.0 million from SIF claims filed.

Adjusted research and development expenses decreased by $16.3 million, or 13.6%, to $103.5 million in fiscal 2025 compared to $119.8 million in fiscal 2024. The decrease was primarily due to the same reasons described above on a U.S. GAAP basis.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of marketing, advertising and promotion, salaries and benefits, information technology costs and travel expenses.

Sales and marketing expenses decreased by $8.5 million, or 8.2% in fiscal 2025 compared to fiscal 2024. The decrease was primarily due to a decrease of $8.1 million in salaries and benefits and a decrease of $2.5 million in sales incentive plan costs.

Adjusted sales and marketing expenses decreased by $8.8 million, or 8.7%, to $92.7 million in fiscal 2025 compared to $101.5 million in fiscal 2024. The decrease was primarily due to same reasons described above on a U.S. GAAP basis.

General and Administrative Expenses

General and administration expenses consist primarily of salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs.

General and administrative expenses decreased by $27.5 million, or 14.7%, in fiscal 2025 compared to fiscal 2024. The decrease was primarily due to a decrease of $17.4 million in salaries and benefits expenses, a decrease of $9.9 million in facilities cost, a decrease of $9.8 million in restructuring costs, a decrease of $8.6 million in legal expenses and a decrease of $5.9 million in stock based compensation expense, partially offset by an increase of $19.1 million related to the release of an accrued liability relating to the Company's legacy mobile device business in fiscal 2024 which did not recur and an increase of $5.3 million in the Company's deferred share unit cost.

Adjusted general and administrative expenses decreased by $11.8 million, or 8.7%, to $123.5 million in fiscal 2025 compared to $135.3 million in fiscal 2024. The decrease was primarily due to a decrease of $17.4 million in salaries and benefits expenses, a decrease of $11.3 million in legal expenses, and a decrease $9.9 million in facilities costs, partially offset an increase of $19.1 million related to the release of an accrued liability relating to the Company's legacy mobile device business in fiscal 2024 which did not recur and an increase of $5.3 million in the Company's deferred unit share cost.

The Company expects adjusted Corporate general and administrative costs to be approximately $10 million in the first quarter of fiscal 2026 and approximately $40 million in fiscal 2026 as a whole.

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 2025 compared to fiscal 2024 and fiscal 2024 compared to fiscal 2023. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Years Ended *(in millions)*				
	Included in Operating Expense				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Property, plant and equipment	$ 7.1	$ 9.1	$ (2.0)	$ 9.4	$ (0.3)
Intangible assets	10.7	17.7	(7.0)	18.0	(0.3)
Total	$ 17.8	$ 26.8	$ (9.0)	$ 27.4	$ (0.6)

	Included in Cost of Sales				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Property, plant and equipment	$ 0.5	$ 0.8	$ (0.3)	$ 2.8	$ (2.0)
Intangible assets	6.0	3.7	2.3	6.3	(2.6)
Total	$ 6.5	$ 4.5	$ 2.0	$ 9.1	$ (4.6)

Amortization included in Operating Expense

The decrease in amortization expense included in operating expense of $9.0 million was primarily due to the lower cost base of acquired technology assets.

Adjusted amortization expense decreased by $5.0 million to $10.7 million in fiscal 2025 compared to $15.7 million in fiscal 2024 due to the same reasons described above.

Amortization included in Cost of Sales

The increase in amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's service operations of $2.0 million was due to an increase in patent amortization expense included in cost of sales.

Investment Income, Net

Investment income, net, which includes the interest expense from the Debentures, decreased by $11.1 million to investment income, net of $7.7 million in fiscal 2025 compared to investment income, net of $18.8 million in fiscal 2024. The decrease in investment income, net was primarily due to a lower yield on cash and investments and the impact of observable price changes on non-marketable equity investments without readily determinable fair value.

Income Taxes

For fiscal 2025, the Company's net effective income tax expense rate was approximately 27% (fiscal 2024 - net effective income tax expense rate of approximately 23%). 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 loss carry forwards, research and development credits, 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 Loss From Continuing Operations

The Company's loss from continuing operations for fiscal 2025 was $8.5 million, or $0.01 basic and diluted loss per share from continuing operations on a U.S. GAAP basis (fiscal 2024 - income from continuing operations of $5.6 million, or $0.01 basic and diluted earnings per share from continuing operations). The decrease in income of $14.1 million from continuing operations was primarily due to a decrease in revenue as described above in "Revenue by Segment", partially offset by a decrease in operating expenses, as described above in "Operating Expenses" and an increase in gross margin percentage, as described above in "Consolidated Gross Margin Percentage".

Adjusted income from continuing operations was $57.6 million in fiscal 2025 or $0.10 adjusted basic earnings per share from continuing operations (fiscal 2024 - adjusted income from continuing operations of $116.0 million, or $0.20 adjusted basic earnings per share from continuing operations). The decrease in adjusted income from continuing operations of $58.4 million was primarily due to the same reasons described above on a U.S. GAAP basis.

Net Loss

The Company's net loss for fiscal 2025 was $79.0 million, or $0.13 basic and diluted loss per share on a U.S. GAAP basis (fiscal 2024 - net loss of $130.2 million, or $0.22 basic and diluted loss per share). The decrease in net loss of $51.2 million was primarily due to a decrease in loss from discontinued operations, a decrease in operating expenses, as described above in "Operating Expenses" and an increase in gross margin percentage, as described above in "Consolidated Gross Margin Percentage", partially offset by a decrease in revenue as described above in "Revenue by Segment".

Adjusted net income was $12.5 million in fiscal 2025 or $0.02 adjusted basic earnings per share (fiscal 2024 - adjusted net income of $30.6 million, or $0.05 adjusted basic earnings per share). The decrease in adjusted net income of $18.1 million was primarily due to the same reasons described above on a U.S. GAAP basis.

The Company previously stated that it expected total Company adjusted EBITDA from continuing operations to be in the range of $60 million to $70 million in fiscal 2025 and total Company adjusted EBITDA from continuing operations to be in the range of $10 million to $20 million in the fourth quarter of fiscal 2025. Total Company adjusted EBITDA from continuing operations was $84.2 million fiscal 2025 due to each of the Company's operating segments exceeding the top end of the Company's expectation ranges and lower than expected salaries and benefits expense. Total Company adjusted EBITDA from continuing operations was $21.1 million in the fourth quarter of fiscal 2025.

The Company previously stated that it expected non-GAAP EPS to be in the range of ($0.01) and $0.01 in the fourth quarter of fiscal 2025 and non-GAAP EPS to be in the range of ($0.02) to breakeven for fiscal 2025. Non-GAAP EPS was $0.03 in the fourth quarter of fiscal 2025 and $0.02 for fiscal 2025.

The Company expects adjusted EBITDA to be in the range of break-even to $7 million in the first quarter of fiscal 2026 and to be in the range of $69 million to $84 million in fiscal 2026 as a whole.

The Company expects non-GAAP EPS to be in the range of ($0.01) to breakeven in the first quarter of fiscal 2026 and to be in the range of $0.08 to $0.10 in fiscal 2026 as a whole.

The Company expects operating cash usage to be in the range of $20 million to $30 million in the first quarter of fiscal 2026 and to deliver positive operating cash flow of approximately $35 million for fiscal 2026.

The Company does not provide a reconciliation of expected adjusted EBITDA and expected non-GAAP basic EPS for the first quarter and full fiscal year 2026 to the most directly comparable expected GAAP measures because it is unable to predict with reasonable certainty, among other things, restructuring charges and impairment charges and, accordingly, a reconciliation is not available without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period.

The weighted average number of shares outstanding was 591 million common shares for basic and diluted loss per share for the fiscal year ended February 28, 2025. The weighted average number of shares outstanding was 585 million common shares for basic loss per share and 592 million common shares for diluted loss per share for the fiscal year ended February 29, 2024.

Common Shares Outstanding

On March 28, 2025, there were 596 million voting common shares, options to purchase 0.1 million voting common shares, 11 million restricted share units and 1.6 million deferred share units outstanding. In addition, 51.5 million common shares are issuable upon conversion in full of the Notes (as defined below), as described in Note 7 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, 2025 compared to the three months ended February 29, 2024

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, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue by Segment					
Secure Communications	$ 67.3	$ 71.6	$ (4.3)	$ 60.8	$ 10.8
QNX	65.8	65.9	(0.1)	52.2	13.7
Licensing	8.6	15.4	(6.8)	10.7	4.7
	$ 141.7	$ 152.9	$ (11.2)	$ 123.7	$ 29.2
% Revenue by Segment					
Secure Communications	47.5 %	46.8 %		49.2 %	
QNX	46.4 %	43.1 %		42.2 %	
Licensing	6.1 %	10.1 %		8.6 %	
	100.0 %	100.0 %		100.0 %	

Secure Communications

The decrease in Secure Communications revenue of $4.3 million was primarily due to a decrease of $11.9 million relating to BlackBerry UEM product revenue, partially offset by an increase of $2.9 million in professional services revenue, an increase of $2.1 million relating to product revenue in Secusmart and an increase of $0.9 million in BlackBerry AtHoc.

The Company previously stated that it expected Secure Communications revenue in the fourth quarter of fiscal 2025 to be in the range of $62 million to $66 million. Secure Communications revenue in the fourth quarter of fiscal 2025 was $67.3 million.

QNX

QNX revenue in the fourth quarter of fiscal 2025 was consistent with the revenue in the fourth quarter of fiscal 2024. The increase of $1.9 million in BlackBerry QNX royalty revenue and the increase of $2.1 million in BlackBerry Radar was offset by a decrease of $2.7 million in BlackBerry QNX development seat revenue and $1.3 million in professional services revenue.

The Company previously stated that it expected QNX revenue in the fourth quarter of fiscal 2025 to be in the range of $60 million to $65 million. QNX revenue in the fourth quarter of fiscal 2025 was $65.8 million.

Licensing

The decrease in Licensing revenue of $6.8 million was primarily due to a decrease in revenue from the Company's intellectual property licensing arrangements.

The Company previously stated that it expected revenue from intellectual property licensing to be approximately $4 million in each of the four quarters of fiscal 2025. Revenue from intellectual property licensing was approximately $8.6 million in fourth quarter of fiscal 2025 due to the timing of new licensing deals.

Total BlackBerry Revenue

The Company previously stated that it expected the total BlackBerry revenue to be in the range of $126 million to $135 million in the fourth quarter of fiscal 2025. Total BlackBerry revenue was $141.7 million in the fourth quarter of fiscal 2025 primarily due to better than expected Licensing 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, 2025	February 29, 2024	Change	February 28, 2023	Change
Revenue by Geography					
North America	$ 70.2	$ 78.4	$ (8.2)	$ 66.2	$ 12.2
Europe, Middle East and Africa	47.8	42.8	5.0	41.3	1.5
Other regions	23.7	31.7	(8.0)	16.1	15.6
	$ 141.7	$ 152.9	$ (11.2)	$ 123.6	$ 29.3
% Revenue by Geography					
North America	49.5 %	51.3 %		53.5 %	
Europe, Middle East and Africa	33.7 %	28.0 %		33.4 %	
Other regions	16.8 %	20.7 %		13.1 %	
	100.0 %	100.0 %		100.0 %	

North America Revenue

The decrease in North America revenue of $8.2 million was primarily due to a decrease of $6.8 million in the Company's intellectual property licensing arrangements, a decrease of $2.9 million in BlackBerry UEM product revenue and a decrease of $2.2 million in BlackBerry QNX development seats revenue, partially offset by an increase of $2.0 million in BlackBerry Radar and an increase of $1.4 million in BlackBerry AtHoc.

Europe, Middle East and Africa Revenue

The increase in Europe, Middle East and Africa revenue of $5.0 million was primarily due to an increase of $2.5 million relating to product revenue in Secusmart and an increase of $2.2 million in BlackBerry QNX royalty revenue.

Other Regions Revenue

The decrease in Other regions revenue of $8.0 million was primarily due to a decrease of $9.3 million in BlackBerry UEM product revenue and a decrease of $0.9 million in BlackBerry QNX development seats revenue, partially offset by an increase of $2.0 million in professional services.

Gross Margin

Consolidated Gross Margin

Consolidated gross margin decreased by $18.1 million to approximately $104.1 million in the fourth quarter of fiscal 2025 (fourth quarter of fiscal 2024 - $122.2 million). The decrease was primarily due to a decreases in revenue from Licensing due to the reasons discussed above in "Revenue by Segment" and lower gross margin from Secusmart due to change in product mix, as the cost of sales for most software and services products does not significantly fluctuate based on business volume.

Consolidated Gross Margin Percentage

Consolidated gross margin percentage decreased by 6.4%, to approximately 73.5% of consolidated revenue in the fourth quarter of fiscal 2025 (fourth quarter of fiscal 2024 - 79.9%). The decrease was primarily due to a lower gross margin contribution

from Secusmart due to change in product mix and a decrease in contribution in gross margin from Licensing due to the reasons discussed above in "Revenue by Segment".

Gross Margin and Adjusted EBITDA by Segment

See "Business Overview - Segment Reporting" and "Fiscal 2025 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)*														
	Secure Communications			QNX			Licensing			Segment Totals		
	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change	Feb 28 2025	Feb 29 2024	Change
Segment revenue	$ 67.3	$ 71.6	$ (4.3)	$ 65.8	$ 65.9	$ (0.1)	$ 8.6	$ 15.4	$ (6.8)	$ 141.7	$ 152.9	$ (11.2)
Segment cost of sales	24.5	18.9	5.6	11.1	9.7	1.4	1.6	1.4	0.2	37.2	30.0	7.2
Segment gross margin	$ 42.8	$ 52.7	$ (9.9)	$ 54.7	$ 56.2	$ (1.5)	$ 7.0	$ 14.0	$ (7.0)	$ 104.5	$ 122.9	$ (18.4)
Segment research and development	9.1	11.6	(2.5)	13.1	16.0	(2.9)	—	—	—	22.2	27.6	(5.4)
Segment sales and marketing	12.0	13.4	(1.4)	14.5	12.3	2.2	—	—	—	26.5	25.7	0.8
Segment general and administrative	9.7	11.6	(1.9)	8.5	10.8	(2.3)	7.8	3.6	4.2	26.0	26.0	—
Less amortization included in the above	0.6	1.0	(0.4)	0.6	0.6	—	2.2	2.3	(0.1)	3.4	3.9	(0.5)
Segment adjusted EBITDA	$ 12.6	$ 17.1	$ (4.5)	$ 19.2	$ 17.7	$ 1.5	$ 1.4	$ 12.7	$ (11.3)	$ 33.2	$ 47.5	$ (14.3)

Secure Communications

The decrease in Secure Communications gross margin of $9.9 million was primarily due to the reasons discussed above in "Revenue by Segment" and a lower gross margin contribution from Secusmart due to change in product mix.

The decrease in Secure Communications gross margin percentage of 10% was due to the same reasons discussed above.

The decrease in Secure Communications adjusted EBITDA of $4.5 million was primarily due to the reasons discussed above in "Revenue by Segment", partially offset by the decreases in salaries and benefits expense.

The Company previously stated that it expected Secure Communications adjusted EBITDA to be in the range of $4 million to $6 million in the fourth quarter of fiscal 2025. Secure Communications adjusted EBITDA was $12.6 million in the fourth quarter of fiscal 2025 due to decreases in salaries and benefits expense, lower cost of sales due to product mix and revenue exceeding the top end of the Company's expectation ranges.

QNX

The decrease in QNX gross margin of $1.5 million was primarily due to an increase in cost of sales related to BlackBerry Radar hardware devices.

The decrease in QNX gross margin percentage of 2% was due to the same reason discussed above.

The increase in QNX adjusted EBITDA of $1.5 million was primarily due to the reasons discussed above in "Revenue by Segment" and a benefit from SIF claims.

The Company previously stated that it expected QNX adjusted EBITDA to be in the range of $8 million to $10 million in the fourth quarter of fiscal 2025. QNX adjusted EBITDA was $19.2 million in the fourth quarter of fiscal 2025 due to SIF claims, lower than expected salaries and benefits expense and revenue exceeding the top end of the Company's expectation ranges.

Licensing

The decrease in Licensing gross margin of $7.0 million was primarily due to the reasons discussed above in "Revenue by Segment".

The decrease in Licensing gross margin percentage of 10% was due to the same reasons discussed above.

The decrease in Licensing adjusted EBITDA of $11.3 million was primarily due to the reasons discussed above in "Revenue by Segment" and an increase in credit loss provision that was subsequently written off.

The Company previously stated that it expected Licensing adjusted EBITDA to be approximately $3 million in the fourth quarter of fiscal 2025. Licensing adjusted EBITDA was $1.4 million in the fourth quarter of fiscal 2025 due to the reasons noted above.

Operating Expenses

The table below presents a comparison of research and development, sales and marketing, general and administrative, and amortization expenses for the quarter ended February 28, 2025, compared to the quarter ended November 30, 2024 and the quarter ended February 29, 2024. The Company believes it is meaningful to provide a sequential comparison between the fourth quarter of fiscal 2025 and the third quarter of fiscal 2025.

	For the Three Months Ended *(in millions)*			
	February 28, 2025	November 30, 2024	February 29, 2024	February 28, 2023
Revenue	$ 141.7	$ 143.6	$ 152.9	$ 123.6
Operating expenses				
Research and development	23.2	27.9	28.9	33.1
Sales and marketing	27.1	23.4	26.0	28.7
General and administrative	50.0	36.4	54.0	35.8
Amortization	4.1	4.4	4.7	6.7
Impairment of long-lived assets	4.9	0.6	4.7	—
Impairment of goodwill	—	—	15.9	112.1
Debentures fair value adjustment	—	—	0.5	(25.4)
Litigation settlements	2.8	—	—	—
Total	$ 112.1	$ 92.7	$ 134.7	$ 191.0
Operating Expense as % of Revenue				
Research and development	16.4 %	19.4 %	18.9 %	26.8 %
General and administrative	19.1 %	16.3 %	17.0 %	23.2 %
Sales and marketing	35.3 %	25.3 %	35.3 %	29.0 %
Amortization	2.9 %	3.1 %	3.1 %	5.4 %
Impairment of long-lived assets	3.5 %	0.4 %	3.1 %	— %
Impairment of goodwill	— %	— %	10.4 %	90.7 %
Debentures fair value adjustment	— %	— %	0.3 %	(20.6 %)
Litigation settlements	2.0 %	— %	— %	— %
Total	79.1 %	64.6 %	88.1 %	154.5 %

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, 2025, November 30, 2024, February 29, 2024 and February 28, 2023.

U.S. GAAP Operating Expenses

Operating expenses increased by $19.4 million, or 20.9% in the fourth quarter of fiscal 2025, compared to $92.7 million in the third quarter of fiscal 2025 primarily due to an increase of $5.3 million in restructuring cost, an increase of $4.9 million credit loss provision that was subsequently written off, an increase of $4.3 million in impairment of long-lived assets, an increase of $2.9 million in the Company's deferred share unit cost and an increase of $2.8 million in legal expense, partially offset by a decrease of $4.7 million in variable incentive plan costs.

Operating expenses decreased by $22.6 million, or 16.8% in the fourth quarter of fiscal 2025, compared to $134.7 million in the fourth quarter of fiscal 2024. The decrease was primarily attributable to a decrease of $15.9 million in goodwill impairment, a decrease of $7.0 million in restructuring costs, decrease of $5.3 million salaries and benefits, the increase in benefits of $3.0 million in SIF claims filed, a decrease of $1.6 million in consulting cost, and a decrease of $1.6 million in facilities costs, partially offset by an increase of $4.7 million in credit loss provision that was subsequently written off and an increase of $4.7 million in the Company's deferred share unit cost.

Adjusted Operating Expenses

Adjusted operating expenses increased by $7.7 million, or 9.7%, to $87.4 million in the fourth quarter of fiscal 2025 compared to $79.7 million in the third quarter of fiscal 2025. The increase was primarily due to an increase of $4.9 million in credit loss provision that was subsequently written off, an increase of $2.9 million in the Company's deferred share unit cost and an increase of $0.9 million in marketing and advertising cost, partly offset by a decrease of $1 million in salaries and benefits.

Adjusted operating expenses decreased by $1.9 million, or 2.1%, to $87.4 million in the fourth quarter of fiscal 2025, compared to $89.3 million in the fourth quarter of fiscal 2024. The decrease was primarily attributable to a decrease of $5.3 million in salaries and benefits costs, the increase in benefits of $3.0 million in SIF claims filed, a decrease of $1.6 million in consulting cost and a decrease of $1.6 million in facilities costs, partially offset by an increase of $4.7 million in credit loss provision that was subsequently written off and an increase of $4.7 million in the Company's deferred share unit cost.

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 decreased by $5.7 million, or 19.7%, in the fourth quarter of fiscal 2025 compared to the fourth quarter of fiscal 2024, primarily due to the increase in benefits of $3.0 million in SIF claims filed, a decrease of $1.4 million in consulting cost and a decrease of $1.2 million in salaries and benefit cost.

Adjusted research and development expenses decreased by $5.3 million, or 19.4%, to $22.0 million in the fourth quarter of fiscal 2025 compared to $27.3 million in the fourth quarter of fiscal 2024, primarily due to the same reasons described above on a U.S. GAAP basis.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of marketing, advertising and promotion, salaries and benefits, information technology costs and travel expenses.

Sales and marketing expenses increased by $1.1 million, or 4.2% in fiscal 2025, in the fourth quarter of fiscal 2025 compared to the fourth quarter of fiscal 2024, primarily due to an increase of $0.7 million in variable incentive plan costs and an increase of $0.4 million in stock compensation expense.

Adjusted sales and marketing expenses increased by $0.7 million, or 2.7%, to $26.4 million in the fourth quarter of fiscal 2025 compared to $25.7 million in the fourth quarter of fiscal 2024, primarily due to an increase of $0.7 million in variable incentive plan costs.

General and Administrative Expenses

General and administration expenses consist primarily of salaries and benefits, external advisory fees, information technology costs, office and related staffing infrastructure costs.

General and administrative expenses decreased by $4.0 million, or 7.4%, in the fourth quarter of fiscal 2025 compared to the fourth quarter of fiscal 2024. The decrease was primarily due to a decrease of $7.0 million in restructuring costs, a decrease of $4.1 million in salaries and benefits costs and a decrease of $1.6 million in facilities costs, partially offset by an increase of $4.7 million in credit loss provision that was subsequently written off and an increase of $4.7 million in the Company's deferred share unit cost.

Adjusted general and administrative expenses increased by $3.2 million, or 9.6%, to $36.6 million in the fourth quarter of fiscal 2025 compared to $33.4 million in the fourth quarter of fiscal 2024. The increase was primarily due to an increase of $4.7 million in credit loss provision that was subsequently written off and an increase of $4.7 million in the Company's deferred share unit cost, partially offset by a decrease of $4.1 million in salaries and benefits costs and a decrease of $1.6 million in facilities 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, 2025 compared to the quarter ended February 29, 2024 and for the quarter ended February 29, 2024 compared to the quarter ended February 28, 2023. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Three Months Ended *(in millions)*				
	Included in Operating Expense				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Property, plant and equipment	$ 1.4	$ 2.0	$ (0.6)	$ 2.2	$ (0.2)
Intangible assets	2.7	2.8	(0.1)	4.5	(1.7)
Total	$ 4.1	$ 4.8	$ (0.7)	$ 6.7	$ (1.9)

	Included in Cost of Sales				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Property, plant and equipment	$ 0.1	$ 0.2	$ (0.1)	$ 0.7	$ (0.5)
Intangible assets	1.5	1.4	0.1	1.6	(0.2)
Total	$ 1.6	$ 1.6	$ —	$ 2.3	$ (0.7)

Amortization included in Operating Expense

The decrease in amortization expense included in operating expense of $0.7 million was primarily due to the lower cost base of acquired technology assets.

Adjusted amortization expense decreased by $0.5 million to $2.4 million in the fourth quarter of fiscal 2025 compared to $2.9 million in the fourth quarter of fiscal 2024 due to the same reasons discussed 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 was $1.6 million in the fourth quarter of fiscal 2025 and was consistent with the fourth quarter of fiscal 2024.

Investment Income, Net

Investment income, net, which includes the interest expense from the Debentures, decreased by $2.4 million to investment income, net of $1.6 million in the fourth quarter of fiscal 2025 compared to investment income, net of $4.0 million in the fourth quarter of fiscal 2024. The decrease in investment income, net is primarily due to a lower yield on cash and investments.

Income Taxes

For the fourth quarter of fiscal 2025, the Company's net effective income tax expense rate was approximately 23% (fourth quarter of fiscal 2024 - net effective income tax expense rate of approximately 7%). 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 loss carry forwards, research and development credits, 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 Loss From Continuing Operations

The Company's loss from continuing operations for the fourth quarter of fiscal 2025 was $7.8 million, or $0.01 basic and diluted loss from continuing operations per share on a U.S. GAAP basis (fourth quarter of fiscal 2024 - loss from continuing operations of $12.4 million, or $0.02 basic and diluted loss from continuing operations per share). The increase in loss from continuing operations of $4.6 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".

Adjusted income from continuing operations was $17.3 million in the fourth quarter of fiscal 2025 or $0.03 adjusted basic earnings from continuing operations per share (fourth quarter of fiscal 2024 - adjusted income from continuing operations of $33.7 million or $0.06 adjusted basic earnings from continuing operations per share). The decrease in adjusted income from continuing operations of $16.4 million was primarily due to the same reasons describe above on a U.S. GAAP basis.

Net Loss

The Company's net loss for the fourth quarter of fiscal 2025 was $7.4 million, or $0.01 basic and diluted net loss per share on a U.S. GAAP basis (fourth quarter of fiscal 2024 - net loss of $56.2 million, or $0.10 basic and diluted net loss per share). The decrease in net loss of $48.8 million was primarily due to a decrease in loss from discontinued operations and a decrease in operating expenses, as described above in "Operating Expenses", partially offset by 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 income was $17.7 million in the fourth quarter of fiscal 2025 or $0.03 adjusted basic earnings per share (fourth quarter of fiscal 2024 - adjusted net income of $16.4 million or $0.03 adjusted basic earnings per share). The decrease in adjusted net income of $1.3 million was primarily due to the same reasons describe above on a U.S. GAAP basis.

The weighted average number of shares outstanding was 594 million common shares for basic and diluted loss per share for the fourth quarter of fiscal 2025. The weighted average number of shares outstanding was 588 million common shares for basic and diluted loss per share for the fourth quarter of fiscal 2024.

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments increased by $112.1 million to $410.3 million as at February 28, 2025 from $298.2 million as at February 29, 2024, primarily due to the cash proceeds received from the sale of the Company's Cylance business to Arctic Wolf and cash generated from operations.

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

	As at *(in millions)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Cash and cash equivalents	$ 266.7	$ 175.1	$ 91.6	$ 295.7	$ (120.6)
Restricted cash and cash equivalents	13.6	25.4	(11.8)	26.6	(1.2)
Short-term investments	71.1	62.0	9.1	131.2	(69.2)
Long-term investments	58.9	35.7	23.2	34.0	1.7
Cash, cash equivalents, and investments	$ 410.3	$ 298.2	$ 112.1	$ 487.5	$ (189.3)

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

	As at *(in millions)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Current assets	$ 591.5	$ 507.5	$ 84.0	$ 743.5	$ (236.0)
Current liabilities	344.3	356.9	(12.6)	729.0	(372.1)
Working capital	$ 247.2	$ 150.6	$ 96.6	$ 14.5	$ 136.1

Current Assets

The increase in current assets of $84.0 million at the end of fiscal 2025 from the end of fiscal 2024 was primarily due to an increase in cash and cash equivalents of $91.6 million, an increase in other receivable of $27.0 million and an increase of $9.1 million in short-term investments, partially offset by a decrease of $25.0 million in account receivable, net of credit loss, a decrease of $11.6 million in assets held for sale, current, a decrease of $5.1 million in other current assets and a decrease of $2.0 million in income taxes receivable.

At February 28, 2025, other receivables was $48.4 million, an increase of $27.0 million from February 29, 2024. The increase was primarily due to an increase of $38.6 million related to the present value of the Arctic Wolf delayed cash payment consideration, partially offset by a decrease of $13.2 million related to a certain receivable reclassified from short-term to long-term receivables.

At February 28, 2025, accounts receivable, net of allowance was $173.7 million, a decrease of $25.0 million from February 29, 2024. The decrease was primarily due to lower revenue recognized over the three months ended February 28, 2025 compared to the three months ended February 29, 2024, partially offset by an increase in days sales outstanding to 102.1 days at the end of the fourth quarter of fiscal 2025 from 100.4 days at the end of the fourth quarter of fiscal 2024.

At February 28, 2025, other current assets was $30.0 million, a decrease of $5.1 million from February 29, 2024. The decrease was primarily due to a decrease of $2.2 million in prepaid software maintenance.

At February 28, 2025, income taxes receivable was $1.6 million, a decrease of $2.0 million from February 29, 2024. The decrease was primarily due to tax refunds received.

Current Liabilities

The decrease in current liabilities of $12.6 million at the end of fiscal 2025 from the end of fiscal 2024 was primarily due to a decrease in the deferred revenue associated with the sale of Cylance of $49.3 million and a decrease of $2.9 million in income taxes payable, partially offset by an increase of $14.3 million in accounts payable, an increase of $12.8 million in deferred revenue, current, and an increase in accrued liabilities of $12.5 million.

At February 28, 2025, income taxes payable was $25.5 million, reflecting a decrease of $2.9 million compared to February 29, 2024, which was primarily due to a change in the quarterly tax provision and installments made during the period.

At February 28, 2025, accounts payable was $31.1 million, reflecting an increase of $14.3 million from February 29, 2024, which was primarily due to timing of payments of accounts payable.

At February 28, 2025, deferred revenue, current was $161.5 million, which reflects an increase of $12.8 million compared to February 29, 2024 that was attributable to a $7.6 million increase in deferred revenue, current related to BlackBerry UEM, and an increase of $6.9 million in deferred revenue, current related to BlackBerry QNX.

At February 28, 2025, accrued liabilities was $126.2 million, reflecting an increase of $12.5 million compared to February 29, 2024, which was primarily attributable to an increase of $16.3 million in variable incentive plan accrual, partially offset by a decrease of $4.6 million in operating lease liability, current.

Cash flows for the fiscal year ended February 28, 2025 compared to the fiscal year ended February 29, 2024 were as follows:

	For the Fiscal Years Ended *(in millions)*				
	February 28, 2025	February 29, 2024	Change	February 28, 2023	Change
Net cash flows provided by (used in):					
Operating activities	$ 16.5	$ (3.5)	$ 20.0	$ (262.2)	$ 258.7
Investing activities	60.7	46.6	14.1	175.2	(128.6)
Financing activities	3.1	(165.1)	168.2	6.0	(171.1)
Effect of foreign exchange loss on cash and cash equivalents	(0.5)	0.2	(0.7)	(2.9)	3.1
Net increase (decrease) in cash and cash equivalents	$ 79.8	$ (121.8)	$ 201.6	$ (83.9)	$ (37.9)

Operating Activities

The increase in net cash flows provided by operating activities of $20 million primarily reflects the net changes in working capital.

Investing Activities

During the fiscal year ended February 28, 2025, cash flows provided by investing activities were $60.7 million and included cash proceeds of $79.8 million from disposal of discontinued operations, partially offset by 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 $9.0 million, intangible asset additions of $7.0 million, and acquisitions of property, plant and equipment of $3.1 million. During fiscal 2024, cash flows provided by investing activities were $46.6 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 $67.5 million, partially offset by intangible asset additions of $13.8 million and acquisitions of property, plant and equipment of $7.1 million.

Financing Activities

The increase in cash flows provided by financing activities was $168.2 million for fiscal 2025 due to the net effect of redemption of the 2020 Debentures and issuance of Extension Debentures partially offset by the issuance of the Notes, each as defined below, which did not recur.

Debt Financing and Other Funding Sources

See Note 7 to the Consolidated Financial Statements for a description of the Company's $200.0 million aggregate principal amount of 3.00% senior convertible unsecured notes issued in January 2024 (the "Notes"), the $365.0 million aggregate principal amount of convertible debentures issued in September 2020, which matured in November 2023 (the "2020 Debentures"), and the $150.0 million aggregate principal amount of convertible debentures issued in November 2023, which matured in February 2024 (the "Extension Debentures" and, collectively with the Notes and the 2020 Debentures, the "Debentures" and the "2020 Debentures" and, collectively with the Extension Debentures, the "Prior Debentures").

The Company has $13.5 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See Note 4 to the Consolidated Financial Statements for further information concerning the Company's restricted cash.

Cash, cash equivalents, and investments were approximately $410.3 million as at February 28, 2025. The Company's management remains focused on maintaining appropriate cash balances, efficiently managing working capital balances and managing the liquidity needs of the business. Based on its current financial projections, the Company believes its financial resources, together with expected future operating cash generation 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, 2025:

	(in millions)		
	Total	Short-term (next 12 months)	Long-term (>12 months)
Operating lease obligations	$ 48.6	$ 18.2	$ 30.4
Purchase obligations and commitments	40.2	40.2	—
Debt interest and principal payments	224.0	6.0	218.0
Total	$ 312.8	$ 64.4	$ 248.4

Total contractual and other obligations as at February 28, 2025 decreased by approximately $31.4 million as compared to the February 29, 2024 balance of approximately $344.2 million, which was attributable to a decrease in operating lease obligations and a decrease in purchase obligations and commitments.

The Company does not have any material off-balance sheet arrangements.

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.

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.

The Company's critical accounting estimates are those estimates that involve a significant level of uncertainty at the time the estimate was made, and changes in them have had or are reasonably likely to have a material effect on the Company's financial condition or results of operations. Accordingly, actual results could differ materially from the Company's estimates. The Company's estimates are based on past experience and other assumptions that it believes is reasonable under the circumstances, and the Company evaluates these estimates on an ongoing basis. The Company's critical accounting estimates have been reviewed and discussed with the Company's Audit & Risk Management Committee and are set out below.

Valuation of Long-Lived Assets

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 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. 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". A decline in the Company's performance, 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.

Valuation of Goodwill Reporting Units

In the annual impairment test, 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.

During the third quarter of fiscal 2025 and in connection with the plans to sell the Cylance business, the Company reorganized its reporting structure resulting in its BlackBerry Spark reporting unit being disaggregated into two separate reporting units: UEM and Cylance. In accordance with ASC 350 Intangibles - Goodwill and Other, the Company conducted a valuation of the individual reporting units and allocated the goodwill associated with the previous BlackBerry Spark reporting unit to the UEM and Cylance reporting units using a relative fair value approach. The valuations of the reporting units were based on a combination of the income approach using a discounted future cash flow model, a market-based approach, and estimated exit value approaches for Cylance using the same critical accounting estimates as disclosed in Note 1 to the Consolidated Financial Statements. 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. Following the assignment of assets, liabilities, and goodwill to the UEM and Cylance reporting units, the Company compared the carrying values of the reporting units against their fair values and determined no impairment was present in either reporting unit. 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. There have been no changes in the Company's judgement in determining the valuation allowance for the fiscal year ended February 28, 2025. 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. There have been no changes to the method with which the Company estimates the valuation allowance for the interim quarters during the fiscal year ended February 28, 2025.

Revenue Recognition

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. To the extent the transaction price in a contract with a customer includes variable consideration, the Company estimates the amount of variable consideration that should be included in the price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. The Company also estimates whether and how much variable consideration is subject to constraint if it cannot conclude it is probable that a significant reversal in revenue will not occur, due to factors such as: the consideration being highly susceptible to factors outside the Company's influence, the period of time before the variable consideration is resolved, the Company's previous experience with similar contracts, the Company's history of price concessions or changing of payment terms, and whether there is a large number and broad range of possible variable consideration amounts. Apart from future revenues from the Malikie Transaction which are constrained, there have been no material changes to the Company's assumptions or estimates on any material variable consideration for the fiscal year ended February 28, 2025.

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.

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 2025 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, 2025, approximately 19.0% of cash and cash equivalents, 29.0% of accounts receivables and 71.0% of accounts payable were denominated in foreign currencies (February 29, 2024 – 19%, 25% and 59%, 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 exchange 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, 2025 or February 29, 2024 (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 with fixed interest rates of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities and the significant financing components within certain revenue contracts with customers. 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 also has significant financing components within certain revenue contracts with customers and is exposed to interest rate risk as a result of discounting the future payments from customers with a fixed interest rate. The Company also has outstanding Notes with a fixed interest rate, as described in Note 7 to the Consolidated Financial Statements. The Company is exposed to interest rate risk as a result of the Notes. The Company does not currently utilize interest rate derivative instruments.

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, 2025 was $6.6 million (February 29, 2024 - $6.0 million). There were two customers that comprised more than 10% of accounts receivable as at February 28, 2025 (February 29, 2024 - two customers comprised more than 10%). As at February 28, 2025, the percentage of the Company's receivable balance that was past due decreased by 0.1% compared to February 29, 2024. 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 14% of the Company's revenue in fiscal 2025 (fiscal 2024 - one customer that comprised 27%).

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 Board of Directors and Shareholders 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 (the Company) as of February 28, 2025 and February 29, 2024, 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, 2025, 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, 2025, 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, 2025 and February 29, 2024, and the results of its operations and its cash flows for each of the three years in the period ended February 28, 2025 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, 2025, 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 the accompanying 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 UEM and Cylance Reporting Units

As described in Notes 1, 3, 4 and 5 to the consolidated financial statements, the Company's goodwill balance was $472.5 million as of February 28, 2025. A significant portion of the goodwill related to the UEM and Cylance reporting units (reporting units). 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. During the third quarter, the Company conducted a valuation of the reporting units in connection with the plans to sell the Cylance business. Management utilized one of the following valuation techniques to determine the fair values of the reporting units: the income approach using a discounted future cash flow model or an estimated exit value approach. Estimating the fair value of a reporting unit using a discounted future cash flow model required significant judgment by management, including estimation of future cash flows, which is dependent on estimation of the long-term rates of revenue growth and profitability measures. Estimating the fair value of a reporting unit using an estimated exit value approach required significant judgment by management, including the estimation of significant unobservable inputs used by management related to the fair values of the common shares and delayed cash payment. Based on the results of the impairment tests related to goodwill, management concluded that the fair values of the reporting units exceeded the carrying values and no impairment was present.

The principal considerations for our determination that performing procedures relating to the impairment tests of goodwill for the reporting units is a critical audit matter are (i) the significant judgment by management when determining the fair values of the UEM and Cylance reporting units using a discounted future cash flow model and estimated exit value approach; (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 and profitability measures in the discounted future cash flow model; (iii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating significant unobservable inputs used by management related to the fair values of common shares and delayed cash payment in the estimated exit value approach, and (iv) 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 impairment tests for the reporting units, including controls over the determination of their fair values. These procedures also included, among others, (i) testing management's process for estimating the fair value of the reporting unit which is determined using a discounted future cash flow model; (ii) testing the completeness and accuracy of underlying data used in the discounted future cash flow model; (iii) evaluating the appropriateness of the discounted future cash flow model; and (iv) evaluating the reasonableness of the significant assumptions used by management related to long-term rates of revenue growth and profitability measures in the discounted future cash flow model. 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 reporting unit; (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 appropriateness of the Company's discounted future cash flow model. The procedures for estimating the fair value of the reporting unit which is determined using the estimated exit value approach included (i) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of the fair values of common shares and delayed cash payment by developing an independent range of fair values using external market and industry data, and evidence obtained in other areas of the audit; and (ii) testing the completeness and accuracy of underlying data used in the independent range of fair values.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
April 2, 2025

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, 2025	February 29, 2024
Assets		
Current		
Cash and cash equivalents (note 4)	$ 266.7	$ 175.1
Short-term investments (note 4)	71.1	62.0
Accounts receivable, net of allowance of $6.6 and $6.0, respectively (note 5 and note 13)	173.7	198.7
Other receivables (note 5)	48.4	21.4
Income taxes receivable	1.6	3.6
Other current assets (note 5)	30.0	35.1
Assets held for sale, current (note 3)	—	11.6
	591.5	507.5
Restricted cash and cash equivalents (note 4)	13.6	25.4
Long-term investments (note 4)	58.9	35.7
Other long-term assets (note 5)	76.5	54.8
Operating lease right-of-use assets, net (note 12)	22.0	31.8
Property, plant and equipment, net (note 5)	13.4	21.2
Intangible assets, net (note 5)	47.3	57.5
Goodwill (note 5)	472.4	474.5
Assets held for sale, non-current (note 3)	—	186.6
	$ 1,295.6	$ 1,395.0
Liabilities		
Current		
Accounts payable	$ 31.1	$ 16.8
Accrued liabilities (note 5)	126.2	113.7
Income taxes payable (note 6)	25.5	28.4
Deferred revenue, current (note 13)	161.5	148.7
Liabilities held for sale, current (note 3)	—	49.3
	344.3	356.9
Deferred revenue, non-current (note 13)	5.6	14.6
Operating lease liabilities (note 12)	28.7	37.8
Other long-term liabilities	1.8	3.2
Long-term notes (note 7)	195.3	194.1
Liabilities held for sale, non-current (note 3)	—	13.3
	575.7	619.9
Commitments and contingencies (note 11)		
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 - 596,230,655 voting common shares (February 29, 2024 - 589,232,539)	2,976.4	2,947.7
Deficit	(2,237.3)	(2,158.3)
Accumulated other comprehensive loss (note 10)	(19.2)	(14.3)
	719.9	775.1
	$ 1,295.6	$ 1,395.0

See notes to consolidated financial statements.

On behalf of the Board:

John Giamatteo
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 28, 2022	$ 2,868.6	$ (1,293.7)	$ (19.0)	$ 1,555.9
Net loss	—	(734.4)	—	(734.4)
Other comprehensive loss	—	—	(4.7)	(4.7)
Stock-based compensation (note 8)	33.9	—	—	33.9
Shares issued:				
Exercise of stock options (note 8)	0.3	—	—	0.3
Employee share purchase plan (note 8)	5.8	—	—	5.8
Balance as at February 28, 2023	2,908.6	(2,028.1)	(23.7)	856.8
Net loss	—	(130.2)	—	(130.2)
Other comprehensive income	—	—	9.4	9.4
Stock-based compensation (note 8)	33.1	—	—	33.1
Shares issued:				
Exercise of stock options (note 8)	0.3	—	—	0.3
Redemption of deferred share units ("DSUs") (note 8)	0.9		—	0.9
Employee share purchase plan (note 8)	4.8	—	—	4.8
Balance as at February 29, 2024	2,947.7	(2,158.3)	(14.3)	775.1
Net loss	—	(79.0)	—	(79.0)
Other comprehensive loss	—	—	(4.9)	(4.9)
Stock-based compensation (note 8)	25.6	—	—	25.6
Shares issued:				
Employee share purchase plan (note 8)	3.1	—	—	3.1
Balance as at February 28, 2025	$ 2,976.4	$ (2,237.3)	$ (19.2)	$ 719.9

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, 2025	February 29, 2024	February 28, 2023
Revenue (note 13)	$ 534.9	$ 759.1	$ 526.3
Cost of sales	140.0	268.4	159.7
Gross margin	394.9	490.7	366.6
Operating expenses			
Research and development	108.8	127.1	134.2
Sales and marketing	95.5	104.0	102.6
General and administrative	159.7	187.2	172.0
Amortization	17.7	26.7	27.4
Impairment of goodwill (note 4)	—	15.9	112.1
Impairment of long-lived assets (note 4)	9.6	15.3	3.5
Gain on sale of property, plant and equipment, net	—	—	(6.0)
Prior Debentures fair value adjustment (note 7)	—	3.5	(137.4)
Litigation settlements (note 11)	2.8	—	165.0
	394.1	479.7	573.4
Operating income (loss)	0.8	11.0	(206.8)
Investment income, net (note 4 and note 7)	7.7	18.8	5.0
Income (loss) before income taxes	8.5	29.8	(201.8)
Provision for income taxes (note 6)	17.0	24.2	13.7
Income (loss) from continuing operations	(8.5)	5.6	(215.5)
Gain from disposal of discontinued operation, net of tax (note 3)	10.2	—	—
Loss from discontinued operations, net of tax (note 3)	(80.7)	(135.8)	(518.9)
Net loss	$ (79.0)	(130.2)	(734.4)
Earnings (loss) per share (note 9)			
Basic earnings (loss) per share from continuing operations	$ (0.01)	0.01	(0.37)
Total basic loss per share	$ (0.13)	(0.22)	(1.27)
Diluted earnings (loss) per share from continuing operations	$ (0.01)	0.01	(0.54)
Total diluted loss per share	$ (0.13)	(0.22)	(1.35)

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, 2025	February 29, 2024	February 28, 2023
Net loss	$ (79.0)	$ (130.2)	$ (734.4)
Other comprehensive income (loss)			
Net change in fair value and amounts reclassified to net loss from derivatives designated as cash flow hedges during the year (note 10)	(2.2)	1.3	(0.9)
Foreign currency translation adjustment	(2.7)	1.6	(5.8)
Actuarial gains associated with other post-employment benefit obligations	—	0.5	0.4
Net change in fair value from instrument-specific credit risk on the Debentures during the year (note 7)	—	6.0	1.6
Other comprehensive income (loss)	(4.9)	9.4	(4.7)
Comprehensive loss	$ (83.9)	$ (120.8)	$ (739.1)

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Cash Flows

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Cash flows from operating activities			
Net loss	$ (79.0)	$ (130.2)	$ (734.4)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization	44.7	58.5	104.7
Stock-based compensation	25.6	33.1	33.9
Gain on disposal of discontinued operation (note 3)	(10.4)	—	—
Impairment of goodwill (note 4)	—	34.8	245.4
Impairment of long-lived assets (note 4)	9.6	15.3	234.5
Intellectual property disposed of by sale (note 13)	—	147.2	—
Gain on sale of property, plant and equipment, net	—	—	(6.0)
Prior Debentures fair value adjustment (note 7)	—	3.5	(137.4)
Operating leases	(10.8)	(13.7)	(15.1)
Other	2.3	2.3	6.0
Net changes in working capital items			
Accounts receivable, net of allowance	25.0	(78.8)	17.8
Other receivables	11.7	(9.2)	12.8
Income taxes receivable	2.0	(0.5)	5.6
Other assets	(16.0)	(54.3)	(0.5)
Accounts payable	14.2	(7.4)	2.9
Accrued liabilities	6.4	(20.3)	(11.8)
Income taxes payable	(2.9)	8.7	8.8
Deferred revenue	(5.9)	7.5	(29.4)
Net cash provided by (used in) operating activities	16.5	(3.5)	(262.2)
Cash flows from investing activities			
Acquisition of long-term investments	—	(1.6)	(2.9)
Acquisition of property, plant and equipment	(3.1)	(7.1)	(7.3)
Proceeds on sale of property, plant and equipment	—	—	17.1
Acquisition of intangible assets	(7.0)	(13.8)	(33.6)
Cash proceeds from disposal of discontinued operation (note 3)	79.8	—	—
Acquisition of short-term investments	(154.9)	(154.4)	(514.4)
Proceeds on sale or maturity of short-term investments	145.9	223.5	716.3
Net cash provided by investing activities	60.7	46.6	175.2
Cash flows from financing activities			
Issuance of common shares	3.1	5.9	6.1
Payment of finance lease liability	—	—	(0.1)
Maturities of 2020 Debentures and Extension Debentures (note 7)	—	(515.0)	—
Proceed from Issuance of Extension Debentures and Notes (note 7)	—	344.0	—
Net cash provided by (used in) financing activities	3.1	(165.1)	6.0
Effect of foreign exchange loss on cash, cash equivalents, restricted cash, and restricted cash equivalents	(0.5)	0.2	(2.9)
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents during the year	79.8	(121.8)	(83.9)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of year	200.5	322.3	406.2
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of year	$ 280.3	$ 200.5	$ 322.3

See notes to consolidated financial statements.

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

BlackBerry Limited (the "Company") provides enterprises and governments the intelligent software and services that power the world around us. Based in Waterloo, Ontario, the Company's high-performance foundational software enables major automakers and industrial giants alike to unlock transformative applications, drive new revenue streams and launch innovative business models, all without sacrificing safety, security, and reliability. With a deep heritage in Secure Communications, BlackBerry delivers operational resiliency with a comprehensive, highly secure, and extensively certified portfolio for mobile fortification, mission-critical communications, and critical events management. 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. During the year, the Company completed the sale of Cylance endpoint security assets, as further discussed in Note 3.

Certain of the comparative figures have been reclassified to conform to the current year's presentation, including assets and liabilities held for sale and discontinued operations, as further discussed in Note 3, and facilities discussed below. The Company reclassified all expenses associated with its facilities within General and administrative expenses, whereas previously these costs were allocated amongst the functional areas line item expenses of the business based on assumptions of usage of those facilities by the functional areas.

The impact of the change on previously issued financial statements was as follows for the years ended February 29, 2024 and February 28, 2023:

	For the Years Ended			For the Years Ended		
			Revised			Revised
	February 29, 2024	Impact of change	February 29, 2024	February 28, 2023	Impact of change	February 28, 2023
Cost of sales	332.7	(8.6)	324.1	237.0	(9.8)	227.2
Gross margin	520.0	8.6	528.6	418.9	9.8	428.7
Research and development	185.7	(12.6)	173.1	207.3	(12.9)	194.4
Sales and marketing	171.0	(7.1)	163.9	176.2	(7.8)	168.4
General and administrative	180.6	28.3	208.9	163.6	30.5	194.1
Cybersecurity						
Segment cost of sales	141.6	(5.8)	135.8	184.8	(7.1)	177.7
Segment gross margin	235.8	5.8	241.6	233.0	7.1	240.1
IoT						
Segment cost of sales	36.3	(2.5)	33.8	37.0	(2.2)	34.8
Segment gross margin	179.1	2.5	181.6	168.7	2.2	170.9

The Company is organized and managed as three reportable segments: Secure Communications (formerly "Cybersecurity"), QNX (formerly "IoT") and Licensing, as further discussed in Note 13.

Risks and Uncertainties

The Company's assumptions and estimates about future cash flows, economic uncertainty and changes in industry or market conditions 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.

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.

Significant 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, 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 7), 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, the determination of reserves for various litigation claims, and the fair value of common shares received in a private company as consideration in the sale of the Cylance business. 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, 2025.

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

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 12 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 recognizes the lease payments as lease cost on a straight-line basis over the lease term. The Company recognizes sublease income on a straight-line basis over the sublease term in its consolidated statements of operations.

See Note 12 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 Company first assesses whether it is more likely than not that an impairment is present in goodwill based upon qualitative factors including macroeconomic factors, industry trends, cost factors, overall financial performance and the Company's share price and resultant market value capitalization in comparison to its book value. If the Company determines that it is more likely than not that impairment exists in one of its reporting units, it then conducts an analysis of the carrying value of the reporting unit, including goodwill, compared with its fair value. The estimated fair value is determined utilizing multiple approaches based on the nature of the reporting units being valued. In its analysis, the Company utilizes 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 is 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 25 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.

Assets held for sale and discontinued operations

When certain criteria are met, the Company reclassifies assets and related liabilities as held for sale at the lower of their carrying value or fair value less costs to sell and, if material, presents them separately on the Company's consolidated balance sheets. If the carrying value exceeds the fair value less costs to sell, a loss is recognized. Assets classified as held for sale are no longer amortized. Comparative figures are reclassified to conform to the current year's presentation. If an

asset previously classified as held for sale is returned to held in use, it is recorded at the lower of its carrying value at the time it was classified as held for sale, adjusted for amortization which would have had been recorded during the period it was classified as held for sale, and its fair value.

When the Company has disposed of or classified as held for sale a component of the Company, and certain criteria are met, the results of operations of the component, including any loss recognized, are reported separately on the consolidated statements of operations as discontinued operations. Discontinued operations are presented if the component's operations and cash flows have been, or will be, eliminated from the Company and the Company will not have significant continuing involvement in the operations of the component after the disposal. Earnings (loss) per share amounts for both continuing operations and discontinued operations are presented separately on the consolidated statements of operations and income (loss) from continuing operations. Comparative figures are reclassified to conform to the current year's presentation.

Convertible debentures

The Company has recognized the Notes (as defined in Note 7) as a single liability instrument measured at amortized cost. Debt issuance costs related to the Notes have been recorded as a direct deduction from the face amount of the Notes and are amortized using the effective interest method.

The Company elected to measure its Extension Debentures (as defined in Note 7) and 2020 Debentures (as defined in Note 7) at fair value in accordance with the fair value option. Each period, the fair value of the Extension Debentures and 2020 Debentures was recalculated and resulting gains and losses from the change in fair value of the Extension Debentures and 2020 Debentures associated with non-credit components were recognized in income, while the change in fair value associated with credit components were recognized in AOCL and subsequently released from AOCL upon maturity.

Extension Debentures

The fair value of the Extension Debentures was determined using the significant inputs of principal value, interest rate spreads and curves, and the market price and volatility of the Company's common shares.

2020 Debentures

The fair value of the 2020 Debentures was determined using the significant inputs of principal value, interest rate spreads and curves, any observable trades of the 2020 Debentures that occurred during the period, the market price and volatility of the Company's common shares, and the significant Level 3 inputs related to credit spread and the implied discount of the 2020 Debentures at issuance.

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: Secure Communications, QNX and Licensing.

Prior to the third quarter of fiscal 2025, the Company's Secure Communications segment included the Company's Cylance® cybersecurity solutions business and was reported as the Cybersecurity segment. See Note 3 for further information.

Secure Communications

The Secure Communications business consists of BlackBerry unified endpoint management ("UEM") solutions, SecuSUITE® and BlackBerry® AtHoc®.

BlackBerry UEM

The Company's unified endpoint management offerings include BlackBerry® UEM, BlackBerry® Dynamics™, BlackBerry® Workspaces, and BlackBerry Messenger (BBM®) Enterprise. BlackBerry UEM employs a containerized approach to manage and secure devices, third party and custom applications, identity, content and endpoints. 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 UEM 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 communications and the associated hardware. Similar to BlackBerry UEM 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 when control transfers at date of shipment.

BlackBerry AtHoc

BlackBerry AtHoc generates revenue from networked critical event management solutions through perpetual and term subscriptions which include technical support, as well as associated professional services. The licensed software in most contracts requires access to the Company's proprietary secure network infrastructure in order to function, specifically through AtHoc's secure platform which is included within the Company's data center. 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.

QNX

QNX consists of BlackBerry® QNX®, BlackBerry Radar®, BlackBerry® Certicom®, and BlackBerry IVY®. QNX 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 digital cockpit 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 shipped by the customer, 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

Licensing includes revenue from the Company's intellectual property licensing arrangements and settlement awards.

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. 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.

See Note 13 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. To the extent the transaction price in a contract with a customer includes variable consideration, the Company estimates the amount of variable consideration that should be included in the price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. The Company also estimates whether and how much variable consideration is subject to constraint if it cannot conclude it is probable that a significant reversal in revenue will not occur, due to factors such as: the consideration being highly susceptible to factors outside the Company's influence, the period of time before the variable consideration is resolved, the Company's previous experience with similar contracts, the Company's history of price concessions or changing of payment terms, and whether there is a large number and broad range of possible variable consideration amounts.

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 sales and marketing 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 13 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, generally 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. To the extent the Company determines that there is a significant financing component in a contract with a customer, it determines the impact of the time value of money in adjusting the transaction price to account for the income associated with the financing component by estimating the discount rate that would be reflected in a separate financing transaction between the customer and the Company at contract inception, based upon the credit characteristics of the customer receiving financing in the contract.

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 4, changes in fair value from instrument-specific credit risk on the 2020 Debentures and Extension Debentures as described in Note 7 and Note 10, 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 8(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 60,875,000 common shares. Any shares that are subject to options or TBRSUs granted under the Equity Plan are counted against this limit as one share for every option or TBRSU, as applicable, 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, or are sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. There are approximately 27.4 million shares in the equity pool available for future grants under the Equity Plan as at February 28, 2025.

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 and total shareholder return. 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 expected to be 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 sales and marketing 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 2025

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07 on the topic of segment reporting. The standard requires additional disclosures for segment reporting. These requirements include: (i) disclosure of significant expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss (collectively referred to as the "significant expense principle"); (ii) disclosure of an amount for other segment items (equal to the difference between segment revenue less segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss) by reportable segment and a description of their composition; (iii) annual disclosure of a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods; (iv) clarification that, if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report those additional measures of segment profit or loss; (v) disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources; and (vi) requiring a public entity that has a single reportable segment provide all the disclosures required by the amendments in this ASU, and all existing segment disclosures in Topic 280. The guidance is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company early adopted this guidance in the first quarter of fiscal 2025 and has provided the applicable disclosures in Note 13.

Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" on the topic of income taxes. The standard requires additional disclosure for income taxes. These requirements include: (i) requiring a public entity to disclose specific categories in the rate reconciliation; (ii) disclosure of additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate); (iii) annual disclosure of the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes; (iv) annual disclosure of the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid (net of refunds received); (v) annual disclosure of income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (vi) annual disclosure of income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. For public entities, the guidance is effective for annual periods beginning after December 15, 2024. The Company will adopt this guidance in fiscal 2026 and is in the process of evaluating the new requirements. As a result, the Company has not yet determined the impact this new ASU will have on its disclosures.

In November 2024, the FASB issued ASU 2024-03 to amend the codification on "Expense Disaggregation Disclosure" (Subtopic 220-40): Income Statement - Reporting Comprehensive Income". The standard requires additional disclosure on specific expense categories included in the expense captions presented on the statements of operations. The guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company will adopt this guidance in fiscal 2028 and is in process of evaluating

the new requirements. As a result, the Company has not yet determined the impact this new ASU will have on its disclosures.

3. DISCONTINUED OPERATIONS

On December 15, 2024 the Company entered into an Equity and Asset Purchase Agreement (the "Equity and Asset Purchase Agreement") with Arctic Wolf Networks, Inc. ("Arctic Wolf") whereby Arctic Wolf would acquire the Company's Cylance endpoint security assets and related liabilities.

On February 3, 2025, the Company completed the sale of Cylance endpoint security assets and related liabilities to Arctic Wolf for $160.0 million of cash, subject to certain adjustments of approximately $39.1 million, and 5.5 million common shares of Arctic Wolf, pursuant to the equity and asset purchase agreement. The proceeds at closing were a combination of $79.8 million in net cash after purchase price adjustments, and equity in Arctic Wolf with an estimated fair value of $24.6 million. The Company's determination of the fair value of the common shares of Arctic Wolf required the use of significant unobservable inputs relating to the current and future operations of Arctic Wolf, and as a result, the non-marketable equity investment was classified as Level 3. The Equity and Asset Purchase Agreement requires a subsequent cash payment to the Company of approximately $41.1 million one year following the closing. This deferred consideration has been initially recorded at fair value at the date of close, and included as "Other Receivables" in the Consolidated Balance Sheets. In connection with the sale, the Company recognized a gain on disposal of discontinued operation before taxes of 10.4 million.

Assets Held for Sale

The following table sets forth the aggregate carrying amounts of assets and liabilities classified as held for sale relating to the discontinued operation of Cylance as of February 29, 2024:

	For the Year Ended February 29, 2024
Assets	
Other current assets	11.6
Total currents assets of discontinued operations	11.6
Other long-term assets	2.3
Operating lease right-of-use assets, net	0.5
Intangible assets, net	96.8
Goodwill	87.0
Total long-term assets of discontinued operations	186.6
Liabilities	
Accounts payable	0.1
Accrued liabilities	3.7
Deferred revenue, current	45.5
Total current liabilities of discontinued operations	49.3
Deferred revenue, non-current	13.3
Total long-term liabilities of discontinued operations	13.3

The financial results of Cylance are presented as "loss from discontinued operations, net of tax" in the Consolidated Statements of Operations and have been removed from the presentation of results from continuing operations. The following table represents the financial results of Cylance for the years ended February 28, 2025, February 29, 2024 and February 28, 2023:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Revenue	$ 71.2	$ 93.6	$ 129.6
Cost of sales	42.8	55.7	67.6
Gross margin	28.4	37.9	62.0
Operating expenses			
Research and development	30.4	46.0	60.2
Sales and marketing	42.5	59.9	65.8
General and administrative	15.7	21.7	22.4
Amortization	20.5	27.2	68.2
Impairment of long-lived assets	—	—	231.0
Impairment of goodwill	—	18.9	133.3
Gain on disposal of discontinued operation	(10.4)	—	—
	98.7	173.7	580.9
Operating loss	(70.3)	(135.8)	(518.9)
Provision for income taxes	0.2	—	—
Net loss from discontinued operations, net of tax	$ (70.5)	$ (135.8)	$ (518.9)
Basic loss per share from discontinued operations	$ (0.12)	$ (0.23)	$ (0.90)
Diluted loss per share from discontinued operations	$ (0.12)	$ (0.23)	$ (0.81)

The following table represents the amortization, stock-based compensation (representing the significant non-cash operating item) and acquisition of property, plant and equipment of the discontinued operations for the years ended February 28, 2025, February 29, 2024 and February 28, 2023:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Amortization	$ 20.5	$ 27.2	$ 68.2
Stock based compensation	$ 5.0	$ 4.3	$ 3.7
Acquisition of property, plant and equipment	$ —	$ —	$ —

4. 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.

For a description of how the fair values of the Extension Debentures and 2020 Debentures were determined, see the "Convertible debentures" accounting policies in Note 1. The Extension Debentures are classified as Level 2 and the 2020 Debentures are classified as Level 3.

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 third quarter of fiscal 2025 and in connection with the plans to sell the Cylance business, the Company reorganized its reporting structure resulting in its BlackBerry Spark reporting unit being disaggregated into two separate reporting units: UEM and Cylance. In accordance with ASC 350 Intangibles - Goodwill and Other, the Company conducted a valuation of the individual reporting units and allocated the goodwill associated with the previous BlackBerry Spark reporting unit to the UEM and Cylance reporting units using a relative fair value approach. The valuations of the reporting units were based on a combination of the income approach using a discounted future cash flow model, a market-based approach, and estimated exit value approaches for Cylance using the same critical accounting estimates as disclosed in Note 1. Following the assignment of assets, liabilities, and goodwill to the UEM and Cylance reporting units, the Company compared the carrying values of the reporting units against their fair values and determined no impairment was present in either reporting unit.

During the year ended February 28, 2025, there were no goodwill impairment charges. In its annual goodwill impairment test in the fourth quarter of fiscal 2025, 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 29, 2024, the Company recorded a goodwill impairment charge of $34.8 million in the BlackBerry Spark reporting unit, which was included within the Company's Cybersecurity segment as disclosed in Note 13. The estimated fair values of the Company's other reporting units substantially exceeded their carrying values as at the annual goodwill impairment test date. The portion of the BlackBerry Spark goodwill impairment charge allocated to the Cylance reporting unit was based on the same proportion determined in the third quarter of fiscal 2025 in determining the Cylance discontinued operations and assets held for sale for the year ended February 29, 2024. The allocation of the BlackBerry Spark goodwill impairment charge was $15.9 million to the UEM reporting unit of and $18.9 million to the Cylance reporting unit.

During the year ended February 28, 2023, the Company recorded a goodwill impairment charge of $245.4 million in the BlackBerry Spark reporting unit, which was included within the Company's Cybersecurity segment as disclosed in Note 13. The estimated fair values of the Company's other reporting units substantially exceeded their carrying values as at the annual goodwill impairment test date. The portion of the BlackBerry Spark goodwill impairment charge allocated to the Cylance reporting unit was based on the same proportion determined in the third quarter of fiscal 2025 in determining discontinued operations and assets held for sale for the year ended February 28, 2023. The allocation of the BlackBerry Spark goodwill impairment charge was $112.1 million to the UEM reporting unit of and $133.3 million to the Cylance reporting unit.

Impairment of Long-Lived Assets ("LLA")

During the year ended February 28, 2025, the Company exited certain leased facilities and recorded a pre-tax and after-tax impairment charge of $9.6 million consisting of $6.9 million related to operating lease ROU assets for certain facilities and $2.7 million related to property, plant and equipment. 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 3 inputs. The fair value of the ROU asset was based on the estimated sublease income for certain facilities taking into consideration the estimated time period it will take to obtain a sublessor, the applicable discount rate and the sublease rate, which are considered unobservable inputs. 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. These ROU impaired assets are classified within Level 3 of the fair value hierarchy.

During the year ended February 29, 2024, the Company exited certain leased facilities and recorded a pre-tax and after-tax impairment charge of $7.5 million consisting of $6.9 million related to operating lease ROU assets for certain facilities and $0.6 million related to property, plant and equipment. The Company also conducted regular reviews of the individual patents, both organically generated and acquired, comprising its patent portfolio. As a result of this review, for the year ended February 29, 2024, the Company determined it had an indicator of impairment, as it had ceased enforcement and abandoned the legal right and title to patents with a cost of $15.3 million, accumulated amortization $7.5 million, and net book value of $7.8 million, which is classified as an impairment of long-lived assets on the Company's consolidated statements of operations.

During the year ended February 28, 2023, the Company recorded a non-cash, pre-tax and after-tax impairment charge of $234.5 million consisting of $231.0 million related to the Company's UES asset group, which was primarily composed of intangible assets recognized on the acquisition of Cylance and was included within the Company's Cybersecurity segment as disclosed in Note 12, and $3.5 million related to operating lease ROU assets for certain leased facilities that were exited during the fiscal year. None of the Company's other asset groups demonstrated indicators of potential impairment.

Cash, Cash Equivalents and Investments

The components of cash, cash equivalents and investments by fair value level as at February 28, 2025 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	$ 223.7	$ —	$ —	$ 223.7	$ 223.7	$ —	$ —	$ —
Other investments	23.3	4.9	—	28.2	—	—	28.2	—
	247.0	4.9	—	251.9	223.7	—	28.2	—
Level 1:								
Equity securities	10.0	—	(10.0)	—	—	—	—	—
Level 2:								
Term deposits, and certificates of deposits	39.3	—	—	39.3	—	30.1	—	9.2
Bearer deposit notes	10.3	—	—	10.3	7.3	3.0	—	—
Commercial paper	55.5	—	—	55.5	27.8	27.7	—	—
Non-U.S. promissory notes	9.8	—	—	9.8	7.9	1.9	—	—
Non-U.S. government sponsored enterprise notes	9.3	—	—	9.3	—	4.9	—	4.4
Corporate notes/bonds	3.5	—	—	3.5	—	3.5	—	—
	127.7	—	—	127.7	43.0	71.1	—	13.6
Level 3:								
Equity investments in private companies	30.7	1.2	(1.2)	30.7	—	—	30.7	—
	$ 415.4	$ 6.1	$ (11.2)	$ 410.3	$ 266.7	$ 71.1	$ 58.9	$ 13.6

[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 29, 2024 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	$ 96.2	$ —	$ —	$ 96.2	$ 96.2	$ —	$ —	$ —
Other investments	29.6	6.1	—	35.7	—	—	35.7	—
	125.8	6.1	—	131.9	96.2	—	35.7	—
Level 1:								
Equity securities	10.0	—	(10.0)	—	—	—	—	—
Level 2:								
Term deposits, and certificates of deposits	21.5	—	—	21.5	—	—	—	21.5
Bearer deposit notes	53.1	—	—	53.1	28.4	24.7	—	—
Commercial paper	46.8	—	—	46.8	14.7	32.1	—	—
Non-U.S. promissory notes	35.4	—	—	35.4	30.2	5.2	—	—
U.S. treasury bills	9.5	—	—	9.5	5.6	—	—	3.9
	166.3	—	—	166.3	78.9	62.0	—	25.4
	$ 302.1	$ 6.1	$ (10.0)	$ 298.2	$ 175.1	$ 62.0	$ 35.7	$ 25.4

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

As at February 28, 2025, the Company had non-marketable equity investments without readily determinable fair value of $58.9 million (February 29, 2024 - $35.7 million) including common shares of Arctic Wolf related to the sale of Cylance as further discussed in Note 3. During the year ended February 28, 2025, there was a $0.2 million impairment recognized relating to non-marketable equity investments without readily determinable fair value (February 29, 2024 and February 28, 2023 - nil). During the year ended February 28, 2025, the Company recorded upward adjustments of $1.2 million and downward adjustments of $2.4 million to the carrying value of certain non-marketable equity investments without readily determinable fair value resulting from observable price changes in orderly transactions for identical or similar securities which have been included in investment income, net on the Company's consolidated statements of operations. As of February 28, 2025, the Company has recorded a cumulative impairment of $3.0 million to the carrying value of certain other non-marketable equity investments without readily determinable fair value (February 29, 2024 - $3.0 million).

There were no realized gains or losses on available-for-sale securities for the year ended February 28, 2025 (February 29, 2024 and February 28, 2023 - 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 and a performance bond that the Company was required to post to support a government contract. These letters of credit support certain leasing arrangements entered into in the ordinary course of business and are for terms ranging from one month to seven 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 and during the term of the government contract; 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, 2025, February 29, 2024 and February 28, 2023 from the consolidated balance sheets to the consolidated statements of cash flows:

	As at		
	February 28, 2025	February 29, 2024	February 28, 2023
Cash and cash equivalents	$ 266.7	$ 175.1	$ 295.7
Restricted cash and cash equivalents	13.6	25.4	26.6
Total cash, cash equivalents, restricted cash, and restricted cash equivalents presented in the consolidated statements of cash flows	$ 280.3	$ 200.5	$ 322.3

The contractual maturities of available-for-sale investments as at February 28, 2025 and February 29, 2024 were as follows:

	As at			
	February 28, 2025		February 29, 2024	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Due in one year or less	$ 127.7	$ 127.7	$ 166.4	$ 166.4
No fixed maturity	10.0	—	10.0	—
	$ 137.7	$ 127.7	$ 176.4	$ 166.4

As at February 28, 2025 and February 29, 2024, the Company had no available-for-sale debt securities with continuous unrealized losses.

5. CONSOLIDATED BALANCE SHEET DETAILS

Accounts Receivable, Net of Allowance

The allowance for credit losses as at February 28, 2025 was $6.6 million (February 29, 2024 - $6.0 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, 2023	$ 1.4
Prior period provision for expected credit losses	4.6
Ending balance of the allowance for credit loss as at February 29, 2024	6.0
Current period provision for expected credit losses	5.3
Write-offs charged against the allowance	(4.7)
Ending balance of the allowance for credit loss as at February 28, 2025	$ 6.6

The allowance for credit losses as at February 28, 2025 consists of $1.1 million (February 29, 2024 - $1.4 million) relating to CECL estimated based on days past due and region and $5.5 million (February 29, 2024 - $4.6 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, 2025 (February 29, 2024 - two customers comprised more than 10%).

Other Receivables

	As at	
	February 28, 2025	February 29, 2024
Arctic Wolf Delayed Cash Payment (note 3)	$ 38.6	$ —
Other	9.8	21.4
	48.4	21.4

As at February 28, 2025 and February 29, 2024, 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 the balance sheet dates.

Other Current Assets

As at February 28, 2025 and February 29, 2024, other current assets 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 as at the balance sheet dates.

Property, Plant and Equipment, Net

Property, plant and equipment comprised the following:

	As at	
	February 28, 2025	February 29, 2024
Cost		
BlackBerry operations and other information technology	$ 80.6	$ 85.4
Leasehold improvements and other	10.5	15.2
Furniture and fixtures	4.6	6.3
Manufacturing, repair and research and development equipment	2.2	2.4
	97.9	109.3
Accumulated amortization and impairment	84.5	88.1
Net book value	$ 13.4	$ 21.2

For the year ended February 28, 2025, amortization expense related to property, plant and equipment amounted to $7.6 million (February 29, 2024 - $9.9 million; February 28, 2023 - $12.2 million).

Intangible Assets, Net

Intangible assets comprised the following:

	As at February 28, 2025		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 29.8	$ 29.1	$ 0.7
Other acquired intangibles	40.4	38.0	2.4
Intellectual property	110.4	66.2	44.2
	$ 180.6	$ 133.3	$ 47.3

	As at February 29, 2024		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 29.8	$ 26.1	$ 3.7
Other acquired intangibles	40.4	34.0	6.4
Intellectual property	110.1	62.7	47.4
	$ 180.3	$ 122.8	$ 57.5

For the year ended February 28, 2025, amortization expense related to intangible assets amounted to $16.7 million (February 29, 2024 - $21.4 million; February 28, 2023 - $24.3 million).

Total additions to intangible assets in fiscal 2025 amounted to $7.0 million (fiscal 2024 - $13.8 million) and primarily consisted of payments for intellectual property relating to patent maintenance, registration and license fees.

For the year ended February 28, 2025, the Company recorded $0.5 million in impairment charges related to patent abandonment (fiscal 2024 - $7.8 million).

Based on the carrying value of the identified intangible assets, as at February 28, 2025, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the five succeeding years is expected to be as follows: fiscal 2026 - $10.7 million; fiscal 2027 - $5.7 million; fiscal 2028 - $5.1 million; fiscal 2029 - $4.0 million and fiscal 2030 - $3.5 million.

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

	As at	
	February 28, 2025	February 29, 2024
Acquired technology	0.3 years	1.3 years
Other acquired intangibles	0.6 years	1.6 years
Intellectual property	5.7 years	6.1 years

Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 28, 2025 and February 29, 2024 were as follows:

	Carrying Amount
Carrying amount as at February 28, 2023	$ 489.0
Goodwill impairment charge (note 4)	(15.9)
Effect of foreign exchange on non-U.S. dollar denominated goodwill	1.4
Carrying amount as at February 29, 2024	474.5
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(2.1)
Carrying amount as at February 28, 2025	$ 472.4

Other Long-term Assets

As at February 28, 2025 and February 29, 2024, other long-term assets included long-term receivables related to intellectual property sold (see Note 13 under the heading "Patent Sale"), long-term receivables, and the long-term portion of deferred commission, among other items, none of which were greater than 5% of the total assets balance.

Accrued Liabilities

Accrued liabilities comprised the following:

	As at	
	February 28, 2025	February 29, 2024
Operating lease liabilities, current (note 12)	$ 15.0	$ 19.6
Variable incentive accrual	31.0	15.1
Restructuring programs, current portion	9.2	20.0
Other	71.0	59.0
	$ 126.2	$ 113.7

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

Restructuring

During fiscal 2025 and fiscal 2024, the Company commenced restructuring programs with the objectives of reducing its annual costs and expenses relating to Secure Communications. Other charges and cash costs may occur as programs are implemented or changes are completed.

The following table sets forth the activity in the Company's restructuring program liabilities for fiscal 2025 and fiscal 2024:

	Employee Termination Benefits	Facilities Costs	Total
Balance as at February 28, 2023	$ 1.9	$ 1.0	$ 2.9
Charges incurred	30.9	6.4	37.3
Cash payments made	(16.0)	(3.1)	(19.1)
Balance as at February 29, 2024	16.8	4.3	21.1
Charges incurred	21.3	4.8	26.1
Cash payments made	(31.0)	(5.8)	(36.8)
Balance as at February 28, 2025	$ 7.1	$ 3.3	$ 10.4
Current portion	$ 7.1	$ 2.1	$ 9.2
Long-term portion	—	1.2	1.2
	$ 7.1	$ 3.3	$ 10.4

The long-term portion of the restructuring liabilities is recorded at fair value, determined by measuring the remaining payments at present value using an effective interest rate of 5.3%, and the Company recorded interest expense over time to arrive at the total face value of the remaining payments.

The restructuring charges included employee termination benefits and facilities costs. Total charges incurred in fiscal 2025 and fiscal 2024 were $26.1 million and $37.3 million, respectively, recorded within General and administrative on the Consolidated Statements of Operations.

6. 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, 2025	February 29, 2024	February 28, 2023
Statutory Canadian tax rate [1]	26.5 %	26.5 %	26.5 %
Expected provision for (recovery of) income taxes	$ 2.3	$ 7.9	$ (53.5)
Differences in income taxes resulting from:			
Valuation allowance	1.6	(3.3)	23.3
Investment tax credits	(8.1)	(10.0)	(10.5)
Change in unrecognized income tax benefits	(0.1)	(1.1)	0.7
Foreign tax rate differences	5.9	4.5	10.1
Non-deductible permanent differences	8.8	7.7	5.4
Goodwill de-recognition	—	4.2	29.7
Prior period adjustments	(0.4)	8.6	4.0
Other differences	7.0	5.7	4.5
	$ 17.0	$ 24.2	$ 13.7

[1] Our Canadian corporate tax rate is comprised of a basic Part I federal tax rate of 38%, net 15% after federal tax abatement and general tax reduction, plus the additional provincial tax of 11.5%.

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Income (loss) before income taxes:			
Canadian	$ (9.1)	$ (18.3)	$ (128.0)
Foreign	17.6	48.1	(73.8)
	$ 8.5	$ 29.8	$ (201.8)

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

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Current			
Canadian	$ 5.3	$ 2.2	$ 0.4
Foreign	11.7	22.0	13.3
	$ 17.0	$ 24.2	$ 13.7

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

	As at	
	February 28, 2025	February 29, 2024
Assets		
Property, plant, equipment and intangibles assets	$ 263.3	$ 257.6
Non-deductible reserves	21.3	36.9
Minimum taxes	206.7	206.7
Research and development	410.5	402.4
Tax loss carryforwards	474.7	513.6
Other	141.3	124.9
Deferred income tax assets	1,517.8	1,542.1
Valuation allowance	1,517.2	1,519.7
Deferred income tax assets net of valuation allowance	0.6	22.4
Liabilities		
Property, plant, equipment and intangibles assets	0.6	22.4
Deferred income tax liabilities	0.6	22.4
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 2025. In fiscal 2025, the Company saw a decrease in the deferred tax valuation allowance of $2.5 million (February 29, 2024 - increase of $27.6 million). As a result, the deferred tax valuation allowance had an ending balance of $1,517.2 million (February 29, 2024 - $1,519.7 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, 2025 and February 29, 2024 were $19.5 million and $19.6 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, 2025	February 29, 2024	February 28, 2023
Unrecognized income tax benefits, opening balance	$ 19.6	$ 20.6	$ 19.9
Increase for income tax positions of current year	0.2	1.0	0.7
Settlement of tax positions	(0.3)	(2.0)	—
Unrecognized income tax benefits, ending balance	$ 19.5	$ 19.6	$ 20.6

As at February 28, 2025, $19.1 million of the unrecognized tax benefits have been netted against deferred income taxes and $0.4 million 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 - 2025
United States [2]	Fiscal 2022 - 2025
United Kingdom	Fiscal 2024 - 2025
Germany	Fiscal 2020 - 2025

(1) Includes federal as well as provincial jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2020 through fiscal 2025.

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, 2025 was approximately $3.0 million (February 29, 2024 - approximately $2.9 million). The amount of penalties accrued as at February 28, 2025 was nil (February 29, 2024 - nil).

As at February 28, 2025, 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	$ —	$ —	$ 1.1
2030	—	—	107.8
2031	—	11.5	71.7
2032	27.4	0.7	22.2
2033	80.5	132.7	0.2
2034	85.5	123.9	0.1
2035	81.0	51.9	3.6
2036	249.0	39.7	—
2037	492.5	23.7	—
2038	199.3	17.3	—
2039	13.1	14.6	—
2040	3.3	12.9	—
2041	—	8.3	—
2042	—	10.5	—
2043	181.6	13.6	—
2044	—	12.8	—
2045	—	9.6	—
Indefinite	417.9	20.9	—
	$ 1,831.1	$ 504.6	$ 206.7

(1) Includes federal, provincial and state balances.

7. DEBENTURES

3.00% Convertible Senior Notes

On January 29, 2024, the Company issued $200.0 million aggregate principal amount of 3.00% senior convertible unsecured notes(the "Notes" and, collectively with the Extension Debentures and 2020 Debentures, the "Debentures") in an offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended.

The Notes are due on February 15, 2029 unless earlier converted, redeemed, or repurchased. Each $1,000 principal amount of the Notes is convertible into 257.5826 common shares of the Company based on the initial conversion rate, for a total of 52 million common shares at a price of $3.88 per share, subject to adjustments. Prior to the close of business on the business day immediately preceding November 15, 2028, the Notes will be convertible only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding February 15, 2029. The Company may satisfy any conversions of the Notes by paying or delivering, as the case may be, cash, its common shares or a combination of cash and its common shares, at the Company's election (or, in the case of any Notes called for redemption that are converted during the related redemption period, solely its common shares). Covenants associated with the Notes include general corporate maintenance, existence and reporting requirements. The Notes will bear interest at a rate of 3.00% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2024.

The Company has recorded the Notes, including the debt itself and all embedded derivatives, at cost less debt issuance costs of $6.0 million and present the Notes as a single hybrid financial instrument. No portion of the embedded derivatives required bifurcation from the host debt contract.

The following table summarizes the change in the Notes for the fiscal year ended February 28, 2025 from their date of issuance:

	As at February 28, 2025
Balance as at February 29, 2024	$ 194.1
Amortization of debt issuance costs	1.2
Balance as at February 28, 2025	$ 195.3

The Company's estimate of the fair value of the Notes as at February 28, 2025 is approximately $289.5 million (February 28, 2024 - $204.0 million).

Extension Debentures and 2020 Debentures

On November 17, 2023, the Company issued $150.0 million aggregate principal amount of 1.75% extendible convertible unsecured debentures (the "Extension Debentures") in a private placement to certain controlled affiliates of Fairfax Financial Holdings Limited ("Fairfax"). The Company used the net proceeds from the issuance of the Extension Debentures, together with cash on hand, to repay its outstanding $365.0 million aggregate principal amount of 1.75% unsecured convertible debentures (the "2020 Debentures" and, collectively with the Extension Debentures, the "Prior Debentures") at maturity on November 13, 2023. Aside from the maturity date, the terms of the Extension Debentures were substantially identical to those of the 2020 Debentures, except that the Extension Debentures were not listed on any stock exchange and did not involve an indenture trustee. The Extension Debentures matured and were repaid on February 15, 2024.

Due to the conversion option and other embedded derivatives within the Prior Debentures, the Company elected to record the Prior Debentures, including the debt itself and all embedded derivatives, at fair value and presented the Prior Debentures as a single hybrid financial instrument. No portion of the fair value of the Prior Debentures was recorded as equity.

Each period, the fair value of the Prior Debentures was recalculated and resulting gains and losses from the change in fair value of the Prior Debentures associated with non-credit components were recognized in income, while the change in fair value associated with credit components was recognized in accumulated other comprehensive loss ("AOCL"). The fair value of the 2020 Debentures was 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 2020 Debentures at issuance. The fair value of the Extension Debentures was determined using observable interest rate curves, and the market price and volatility of the Company's common shares.

The following table shows the impact of the changes in fair value of the 2020 Debentures for the years ended February 28, 2025, February 29, 2024 and February 28, 2023:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Income associated with the change in fair value from non-credit components recorded in the consolidated statements of operations	$ —	$ 2.4	$ 137.4
Income associated with the change in fair value from instrument-specific credit components recorded in AOCL	—	—	1.6
Realized losses associated with the change in fair value from credit components recorded in the consolidated statements of operations on maturity of the Extension Debentures and 2020 Debentures	—	(6.0)	—
Realized losses associated with the change in fair value from credit components released from AOCL on maturity of the Extension Debentures and 2020 Debentures	—	5.9	—
Total decrease in the fair value of the Extension Debentures and 2020 Debentures	$ —	$ 2.3	$ 139.0

For the year ended February 28, 2025, the Company recorded interest expense related to the Debentures of $6.0 million, which has been included in investment income, net on the Company's consolidated statements of operations (fiscal 2024 - $5.6 million; fiscal 2023 - $6.4 million). The Company is required to make semi-annual interest-only payments of approximately $3.0 million during the remaining term the Notes 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 Extension Debentures and the 2020 Debentures, respectively, owned the full principal amount of the Extension Debentures and $330.0 million principal amount of the 2020 Debentures. As such, the payment of interest on the Prior Debentures, and their repayment, to Fairfax represented related party transactions.

8. 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, 2025 and February 29, 2024, 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, 2025, February 29, 2024 and February 28, 2023:

	Capital Stock and Additional Paid-in Capital	
	Stock Outstanding (000s)	Amount
Common shares outstanding as at February 28, 2022	576,228	$ 2,868.6
Exercise of stock options	97	0.3
Common shares issued for restricted share unit settlements	4,872	—
Stock-based compensation	—	33.9
Common shares issued for employee share purchase plan	960	5.8
Common shares outstanding as at February 28, 2023	582,157	2,908.6
Exercise of stock options	106	0.3
Common shares issued for restricted share unit settlements	5,636	—
Stock-based compensation	—	33.1
Common shares issued on the redemption of deferred share units	297	0.9
Common shares issued for employee share purchase plan	1,037	4.8
Common shares outstanding as at February 29, 2024	589,233	2,947.7
Exercise of stock options	12	—
Common shares issued for restricted share unit settlements	5,823	—
Stock-based compensation	—	25.6
Common shares issued for employee share purchase plan	1,163	3.1
Common shares outstanding as at February 28, 2025	596,231	$ 2,976.4

The Company had 596 million voting common shares outstanding, 0.1 million options to purchase voting common shares, 11 million RSUs and 1.6 million DSUs outstanding as at March 28, 2025. In addition, 51.5 million common shares are issuable upon conversion in full of the Notes as described in Note 7.

(b) Stock-based Compensation

Restricted share units

The Company recorded compensation expense with respect to RSUs of approximately $25.6 million in the year ended February 28, 2025 (February 29, 2024 - $33.1 million; February 28, 2023 - $33.6 million).

A summary of RSU activity during fiscal 2025 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 29, 2024	16,301	$ 4.30		
Granted during the year	4,494	1.53		
Vested during the year	(5,825)	5.02		
Forfeited/cancelled during the year	(3,466)	4.04		
Balance as at February 28, 2025	11,504	$ 2.95	1.50 years	$ 54
Expected to vest February 28, 2025	9,508	$ 2.87	1.53 years	$ 45

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, 2025 that would have been received by RSU holders if all RSUs had been vested on February 28, 2025).

Tax deficiencies incurred by the Company related to the RSUs vested were nil for the year ended February 28, 2025 (February 29, 2024 - tax deficiency of nil; February 28, 2023 - tax deficiency of nil).

As at February 28, 2025, there was $21.8 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 1.40 years.

During the year ended February 28, 2025, there were 4,494,083 RSUs granted (February 29, 2024 - 8,097,408), all of which will be settled upon vesting by the issuance of new common shares.

During the year ended February 28, 2025, the weighted average fair value for RSUs granted was $1.53 (February 29, 2024 - $3.51; February 28, 2023 - $4.29). During the year ended February 28, 2025, the fair value of RSUs that vested was $29.2 million (February 29, 2024 - $38.1 million; February 28, 2023 - $39.6 million).

Deferred share units ("DSUs")

The Company issued 542,449 DSUs and redeemed 292,923 DSUs during the year ended February 28, 2025. There were 1.6 million DSUs outstanding as at February 28, 2025 (February 29, 2024 - 1.4 million). The Company had a liability of $7.7 million in relation to the DSU Plan as at February 28, 2025 (February 29, 2024 - $3.8 million) included in accrued liabilities.

9. 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, 2025	February 29, 2024	February 28, 2023
Net income (loss) from continuing operations for basic and diluted earnings (loss) per share available to common shareholders	$ (8.5)	$ 5.6	$ (215.5)
Less: Debentures fair value adjustment [1][2]	—	—	(137.4)
Add: interest expense on Debentures [1][2]	—	—	6.4
Net income (loss) from continuing operations for diluted earnings (loss) per share available to common shareholders	$ (8.5)	$ 5.6	$ (346.5)
Net loss for basic and diluted loss per share available to common shareholders	(79.0)	(130.2)	(734.4)
Less: Debentures fair value adjustment [1][2]	—	—	(137.4)
Add: interest expense on Debentures [1][2]	—	—	6.4
Net loss for diluted loss per share available to common shareholders	$ (79.0)	$ (130.2)	$ (865.4)
Weighted average number of shares outstanding (000's) - basic	591,470	584,543	578,654
Effect of dilutive securities (000's)			
Stock-based compensation [3][4]	—	7,954	—
Conversion of 2020 Debentures [1][2]	—	—	60,833
Weighted average number of shares and assumed conversions (000's) diluted	591,470	592,497	639,487
Earnings (loss) per share - reported			
Basic earnings (loss) per share from continuing operations	$ (0.01)	$ 0.01	$ (0.37)
Total basic loss per share	$ (0.13)	$ (0.22)	$ (1.27)
Diluted earnings (loss) per share from continuing operations	$ (0.01)	$ 0.01	$ (0.54)
Total diluted loss per share	$ (0.13)	$ (0.22)	$ (1.35)

[1] The Company has not presented the dilutive effect of the Debentures using the if-converted method in the calculation of diluted loss per share for the years ended February 28, 2025 and February 29, 2024, as to do so would be antidilutive. See Note 7 for details on the Debentures.

[2] The Company has presented the dilutive effect of the 2020 Debentures using the if-converted method, assuming conversion at the beginning of the fiscal year for the year ended February 28, 2023. Accordingly, to calculate diluted loss per share, the Company adjusted net income (loss) by eliminating the fair value adjustment made to the 2020 Debentures and interest expense incurred on the 2020 Debentures in the year ended February 28, 2023, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 7 for details on the 2020 Debentures.

[3] 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, 2025 and February 28, 2023 as to do so would be antidilutive.

[4] The Company has 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 year ended February 29, 2024.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in AOCL by component net of tax, for the years ended February 28, 2025, February 29, 2024 and February 28, 2023 were as follows:

	As At		
	February 28, 2025	February 29, 2024	February 28, 2023
Cash Flow Hedges			
Balance, beginning of period	$ 0.3	$ (1.0)	$ (0.1)
Other comprehensive loss before reclassification	(3.3)	1.0	(3.2)
Amounts reclassified from AOCL into net income (loss)	1.1	0.3	2.3
Accumulated net unrealized losses on derivative instruments designated as cash flow hedges	$ (1.9)	$ 0.3	$ (1.0)
Foreign Currency Cumulative Translation Adjustment			
Balance, beginning of period	$ (14.0)	$ (15.6)	$ (9.8)
Other comprehensive income (loss)	(2.7)	1.6	(5.8)
Foreign currency cumulative translation adjustment	$ (16.7)	$ (14.0)	$ (15.6)
Change in Fair Value From Instrument-Specific Credit Risk On Debentures			
Balance, beginning of period	$ —	$ (6.0)	$ (7.6)
Other comprehensive income before reclassification	—	—	1.6
Amounts reclassified from AOCL into net income (loss)	—	6.0	—
Change in fair value from instruments-specific credit risk on Debentures	$ —	$ —	$ (6.0)
Other Post-Employment Benefit Obligations			
Balance, beginning of period	$ (0.6)	$ (1.1)	$ (1.5)
Other comprehensive income	—	0.5	0.4
Actuarial losses associated with other post-employment benefit obligations	$ (0.6)	$ (0.6)	$ (1.1)
Accumulated Other Comprehensive Loss, End of Period	$ (19.2)	$ (14.3)	$ (23.7)

During the year ended February 28, 2025, $1.1 million in losses (pre-tax and post-tax) associated with cash flow hedges were reclassified from AOCL into general and administrative expenses (February 29, 2024 - $0.3 million in losses).

During the year ended February 28, 2025, nil in losses (pre-tax and post-tax) associated with change in fair value from instrument-specific credit risk on debentures were reclassified from AOCL into general and administrative expenses (February 29, 2024 - $6.0 million in losses).

11. COMMITMENTS AND CONTINGENCIES

(a) Letters of Credit

The Company had $13.5 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, 2025. The Company has posted a performance bond as collateral to support a government contract for the term of the agreement. See the discussion of restricted cash in Note 4.

(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, 2025, with the exception of the Canadian employment class action settlement discussed below, there are no other material claims 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 a Stipulation of Settlement was executed in respect of the consolidated U.S. class actions effective June 7, 2022; see "Litigation Settlements - U.S. Class Actions" below in this Note 11.

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.

Other contingencies

As at February 28, 2025, the Company has recognized $20.5 million (February 29, 2024 - $17.2 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 Settlements

Parker

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 alleged 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 sought (i) an unspecified quantum of statutory, contractual, or common law termination entitlements; (ii) punitive or breach of duty of good faith damages of $20.0 million, Canadian dollars or such other amount as the Court may find appropriate, (iii) pre- and post- judgment interest, (iv) attorneys' fees and costs, and (v) such other relief as the Court may deem 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. The matter had a trial date of June 2, 2025. The parties attended a pre-trial conference on December 4, 2024. At a further pre-trial conference on January 24, 2025, the parties reached a settlement in principle for approximately $2.8 million or $4.0 million Canadian dollars inclusive of all fees and costs. On February 18, 2025, the parties signed the minutes of settlement. On March 10, 2025, the Company paid the settlement amount into a trust held by the plaintiffs' counsel. The settlement is subject to approval by the Court. The Company expects the settlement to be complete before the end of fiscal 2026.

U.S. Class Actions

On April 6, 2022, through a mediator, the Company agreed in principle to pay $165.0 million to settle the consolidated U.S. class actions (see "Litigation" above in this Note 11). The Stipulation of Settlement was executed effective June 7, 2022. On June 29, 2022, the Company paid $1.0 million of the settlement amount and the remaining $164.0 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 2025.

12. 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 six 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 three months.

The components of lease expense were as follows:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Operating lease cost, included in general and administrative	$ 13.1	$ 17.8	$ 19.6

Supplemental cash flow information related to leases was as follows:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Cash used in operating activities related to operating lease payments	$ 20.6	$ 27.8	$ 32.4

During the year ended February 28, 2025, the Company entered into $7.5 million (February 29, 2024 - $13.1 million) in lease obligations and recognized a corresponding ROU asset of $7.5 million (February 29, 2024 - $13.1 million).

During the year ended February 28, 2025, the Company incurred losses of $6.9 million (February 29, 2024 - $6.9 million; February 28, 2023 - $3.5 million) on LLA impairment of ROU assets, as described in Note 4. The Company also had sublease income during the year ended February 28, 2025 of $3.9 million (February 29, 2024 - $3.6 million; February 28, 2023 - $3.2 million) and incurred short-term lease costs of $2.3 million (February 29, 2024 - $2.5 million; February 28, 2023 - $2.2 million).

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

	As at	
	February 28, 2025	February 29, 2024
Operating leases		
Operating lease assets		
Operating lease ROU assets	$ 22.0	$ 31.8
Operating lease liabilities		
Accrued liabilities	$ 15.0	$ 19.6
Operating lease liabilities	28.7	37.8
Total operating lease liabilities	$ 43.7	$ 57.4

	As at	
	February 28, 2025	February 29, 2024
Weighted average remaining lease term		
Operating leases	3.2 years	3.2 years
Weighted average discount rate		
Operating lease	4.2 %	3.9 %

Maturities of undiscounted lease liabilities were as follows:

	As at February 28, 2025 Operating Leases
Fiscal year 2026	$ 18.2
Fiscal year 2027	13.0
Fiscal year 2028	10.8
Fiscal year 2029	2.7
Fiscal year 2030	2.0
Thereafter	1.9
Total future minimum lease payments	48.6
Less:	
Imputed interest	(4.9)
Total	$ 43.7

13. 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. The CODM, who is the CEO of the Company, makes decisions and assesses the performance of the Company using three operating segments.

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

With the sale of the Cylance business, and the classification of the business as discontinued operations as discussed in Note 3, the Company is organized and managed as three operating segments: Secure Communications (formerly "Cybersecurity"), QNX (formerly "IoT"), and Licensing. Prior period comparatives have been recast to reflect this change in reportable operating segments.

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 reportable operating segment for the fiscal year ended February 28, 2025:

	For the Year Ended			
	Secure Communications	QNX	Licensing	Segment Totals
Segment revenue	$ 272.6	$ 236.0	$ 26.3	$ 534.9
Segment cost of sales	92.7	38.8	6.1	137.6
Segment gross margin [1]	$ 179.9	$ 197.2	$ 20.2	$ 397.3

[1] A reconciliation of total segment gross margin to consolidated pre-tax income from continuing operations is set forth below.

The following table shows information by reportable operating segment for the years ended February 29, 2024 and February 28, 2023:

	For the Years Ended							
	Secure Communications		QNX		Licensing		Segment Totals	
	Feb 29 2024	Feb 28 2023	Feb 29 2024	Feb 28 2023	Feb 29 2024	Feb 28 2023	Feb 29 2024	Feb 28 2023
Segment revenue	$ 283.8	$ 288.2	$ 215.4	$ 205.7	$ 259.9	$ 32.4	$ 759.1	$ 526.3
Segment cost of sales	80.7	110.4	33.8	34.8	150.9	11.5	265.4	156.7
Segment gross margin [1]	$ 203.1	$ 177.8	$ 181.6	$ 170.9	$ 109.0	$ 20.9	$ 493.7	$ 369.6

[1] A reconciliation of total segment gross margin to consolidated pre-tax income (loss) from continuing operations is set forth below.

Secure Communications consists of BlackBerry® UEM, BlackBerry® AtHoc® and BlackBerry® SecuSUITE®. The Company's endpoint management platform includes BlackBerry® UEM, BlackBerry® Dynamics™, and BlackBerry® Workspaces solutions. Secure Communications revenue is generated predominantly through software licenses, commonly bundled with support, maintenance and professional services.

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

Licensing consists of the Company's intellectual property arrangements and settlement awards.

The following table reconciles segment gross margin for the fiscal year ended February 28, 2025, February 29, 2024 and February 28, 2023 to the Company's consolidated totals:

	For the Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Total segment gross margin	$ 397.3	$ 493.7	$ 369.6
Adjustments [1]:			
Stock compensation	2.4	3.0	3.0
Less:			
Research & development	108.8	127.1	134.2
Sales and marketing	95.5	104.0	102.6
General and administrative	159.7	187.2	172.0
Amortization	17.7	26.7	27.4
Impairment of goodwill	—	15.9	112.1
Impairment of long-lived assets	9.6	15.3	3.5
Gain on sale of property, plant and equipment, net	—	—	(6.0)
Prior Debentures fair value adjustment	—	3.5	(137.4)
Litigation settlement	2.8	—	165.0
Investment income, net	(7.7)	(18.8)	(5.0)
Income (loss) from continuing operations before income taxes	$ 8.5	$ 29.8	$ (201.8)

[1] The CODM reviews segment gross margin information on an adjusted basis, which excludes *Stock compensation expenses* - which is a non-cash expense and is not included in the CODM's measure of segment gross margin when evaluating performance and allocating resources to the segment.

Patent Sale

On May 11, 2023, the Company completed its patent sale with Malikie and sold certain non-core patent assets for $170.0 million in cash on closing, an additional $30.0 million in fixed consideration due by no later than the third anniversary of closing and variable consideration in the form of future royalties in the aggregate amount of up to $700.0 million (the "Malikie Transaction"). Pursuant to the terms of the Malikie Transaction, the Company received a license back to the patents sold, which relate primarily to mobile devices, messaging and wireless networking.

In the first quarter of fiscal 2024, the Company recognized revenue of $217.7 million and cost of sales of $147.2 million related to intellectual property sold. The Company estimated variable consideration from future royalty revenues using an expected value method including inputs from both internal and external sources related to patent monetization activities and cash flows, and constrained the recognition of that variable consideration based on the Company's accounting policies and critical accounting estimates as described in Note 1. The variable consideration recognized as revenue was $22.9 million and the amount of variable consideration constrained was $210.4 million. The Company evaluates its conclusions as to whether the constraints are still applicable on an ongoing basis, and will make updates when it observes a sufficient amount of evidence that amounts of variable consideration are no longer subject to constraint or the estimated amount of variable consideration has changed.

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, 2025		February 29, 2024		February 28, 2023	
North America [1]	$ 248.7	46.5 %	$ 496.9	65.5 %	$ 261.7	49.7 %
Europe, Middle East and Africa	188.6	35.3 %	159.0	20.9 %	203.1	38.6 %
Other regions	97.6	18.2 %	103.2	13.6 %	61.5	11.7 %
Total	$ 534.9	100.0 %	$ 759.1	100.0 %	$ 526.3	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 Years Ended		
	February 28, 2025	February 29, 2024	February 28, 2023
Products and services transferred over time	$ 246.9	$ 210.0	$ 245.7
Products and services transferred at a point in time	288.0	549.1	280.6
Total	$ 534.9	$ 759.1	$ 526.3

Revenue contract balances

The following table sets forth the activity in the Company's revenue contract balances for the fiscal year ended February 28, 2025:

	Accounts Receivable	Deferred Revenue	Deferred Commissions
Opening balance as at February 29, 2024	$ 255.1	$ 163.3	$ 15.1
Increases due to invoicing of new or existing contracts, associated contract acquisition costs, or other	668.9	528.3	20.2
Decrease due to payment, fulfillment of performance obligations, or other	(684.0)	(524.5)	(20.7)
Increase (decrease), net	(15.1)	3.8	(0.5)
Closing balance as at February 28, 2025	$ 240.0	$ 167.1	$ 14.6
Current portion	$ 173.7	$ 161.5	$ 8.3
Long-term portion	66.3	5.6	6.3
	$ 240.0	$ 167.1	$ 14.6

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, 2025 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.

The disclosure excludes estimates of variable consideration relating to future royalty revenues from the Malikie Transaction, which have been constrained based on the Company's accounting policies and critical accounting estimates as described in Note 1 and under "Patent Sale" in this Note 13.

	As at February 28, 2025			
	Less than 12 Months	12 to 24 Months	Thereafter	Total
Remaining performance obligations	$ 161.5	$ 2.7	$ 2.9	$ 167.1

Revenue recognized for performance obligations satisfied in prior periods

For the fiscal year ended February 28, 2025, $2.4 million in revenue was recognized relating to performance obligations satisfied in a prior period as a result of certain variable consideration no longer being subject to constraint (fiscal year ended February 29, 2024 - $12.2 million; fiscal year ended February 28, 2023 - $0.6 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, 2025		February 29, 2024	
	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	$ 68.2	$ 462.7	$ 78.8	$ 342.4
United States	459.4	752.7	478.0	922.5
Other	27.5	80.2	28.2	130.1
	$ 555.1	$ 1,295.6	$ 585.0	$ 1,395.0

Information About Major Customers

There was one customer that comprised 14% of the Company's revenue in fiscal 2025 (fiscal 2024 - one customer that comprised 27%; fiscal 2023 - one customer that comprised 12%).

14. 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, 2025	February 29, 2024	February 28, 2023
Interest paid during the year	$ 6.0	$ 5.6	$ 6.4
Income taxes paid during the year	13.3	9.6	2.2
Income tax refunds received during the year	1.1	1.2	5.1

(b) **Additional Information**

Advertising expense, which includes media, agency and promotional expenses totaling $16.8 million is included in sales and marketing expenses for the fiscal year ended February 28, 2025. (February 29, 2024 - $22.4 million; February 28, 2023 - $28.7 million)

General and administrative expenses for the fiscal year ended February 28, 2025 included $0.4 million with respect to foreign exchange gain, net of foreign exchange hedging (February 29, 2024 - $0.3 million foreign exchange losses, net of foreign exchange hedging; February 28, 2023 - $0.2 million foreign exchange gains, net of foreign exchange hedging).

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 2025 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, 2025, approximately 19% of cash and cash equivalents, 29% of accounts receivable and 71% of accounts payable were denominated in foreign currencies (February 29, 2024 – 19%, 25% and 59%, 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 with fixed interest rates of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities and the significant financing components within certain revenue contracts with customers. 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 also has significant financing components within certain revenue contracts with customers and is exposed to interest rate risk as a result of discounting the future payments from customers with a fixed interest rate. The Company also has outstanding Notes with a fixed interest rate, as described in Note 7. The Company is exposed to interest rate risk as a result of the Notes. The Company does not currently utilize interest rate derivative instruments.

Credit risk

The Company is exposed to market and credit risk on its investment portfolio. The Company is also exposed to credit risk with customers, as described in Note 5. The Company reduces this risk from its investment portfolio by investing in liquid, investment-grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2025, no single issuer represented more than 47% of the total cash, cash equivalents and investments (February 29, 2024 - no single issuer represented more than 30% of the total cash, cash equivalents and investments), with the largest such issuer representing bearer deposits, term deposits and cash balances with one of the Company's banking counterparties.

In addition, as partial consideration for the sale of its Cylance endpoint security assets and liabilities to Arctic Wolf, as described in Note 3, the Company is owed a delayed cash payment of approximately $41.1 million one year following the closing. The Company is exposed to risk related to potential non-payment of the deferred cash consideration from Arctic Wolf.

Liquidity risk

Cash, cash equivalents, and investments were approximately $410.3 million as at February 28, 2025. As partial consideration for the sale of its Cylance endpoint security assets and liabilities to Arctic Wolf, the Company received common shares of Arctic Wolf with an estimated fair value of $ 24.6 million. The common shares of Arctic Wolf are illiquid securities without a public market and, as such, they cannot be readily sold or exchanged for cash. The Company may not be able to sell these shares at desired times or prices, which could negatively impact its financial condition and results of operations.

The Company's management remains focused on efficiently managing working capital balances and managing the liquidity needs of the business. 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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

As of February 28, 2025, 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, 2025. 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 concluded that, as of February 28, 2025, 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, 2025 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, 2025, 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

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended February 28, 2025, none of the Company's officers or directors adopted or terminated trading arrangements for the sale of the Company's common shares.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

A list of the Company's 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 the Company's 2025 Proxy Statement, which will be filed with the SEC within 120 days after the end of the Company's fiscal year ended February 28, 2025, 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. O'Neill 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.

Lori O'Neill – Ms. O'Neill has a BComm (Honours) from Carleton University and is a holder of the CPA, CA designation, the U.S. CPA designation and the ICD.D designation from the Institute of Corporate Directors. Ms. O'Neill is a FCPA, FCA, corporate director and independent financial consultant and currently serves on the boards of Constellation Software Inc. and Calian Group Ltd. She has served as a director of numerous public and private technology companies, Crown corporations and non-profit organizations. Previously, Ms. O'Neill was a leader in the Canadian national technology, media and communications audit practice at Deloitte LLP, where she served for 24 years.

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 a Strategic and Policy Advisor to McCarthy Tétrault LLP and a director of Canadian Utilities Limited and Foran Mining Corporation, and a former director of Champion Iron Limited. 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 each of Ms. Disbrow and Ms. O'Neill 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 defence" governance structure to define how the responsibility for risk management activities is assigned:

- The first line of defence for managing risks resides with the management of each business group. 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 defence, 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 defence, 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 defence.

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.

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://investors.blackberry.com/governance-documents, 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 2025.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in the Company's 2025 Proxy Statement, which will be filed with the SEC within 120 days after the end of the Company's fiscal year ended February 28, 2025, 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 the Company's 2025 Proxy Statement, which will be filed with the SEC within 120 days after the end of the Company's fiscal year ended February 28, 2025, 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 the Company's 2025 Proxy Statement, which will be filed with the SEC within 120 days after the end of the Company's fiscal year ended February 28, 2025, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in the Company's 2025 Proxy Statement, which will be filed with the SEC within 120 days after the end of the Company's fiscal year ended February 28, 2025, 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 January 29, 2024 (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on January 29, 2024)
4.4	Form of 3.00% Convertible Senior Note due February 15, 2029 (included in Exhibit 4.3)
10.1	Amended and Restated BlackBerry Limited Equity Incentive Plan (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 4, 2024)
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 10.1 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 4, 2024)
10.4	Form of performance based restricted share unit agreement (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 4, 2024)
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 J. Giamatteo, dated December 8, 2023 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38232), filed with the SEC on December 12, 2023) and amended change in control provision letter, dated August 21, 2024
10.7*†	Employment agreement with Tim Foote, dated July 26, 2024 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38232), filed with the SEC on July 29, 2024) and amended change in control provision letter, dated September 6, 2024
10.8*†	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) and amended change in control provision letter, dated September 6, 2024
10.9*†	Employment agreement with Phil Kurtz, dated June 27, 2022 (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 4, 2024) and amended change in control provision letter, dated September 6, 2024
10.10*†	Employment agreement with Jennifer Armstrong-Owen, dated January 8, 2024 and amended change in control provision letter, dated September 6, 2024
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 (incorporated by reference to Exhibits 10.11, 10.11 1, 10.11 2 and 10.11 3 to the Registrant's Annual Report on Form 10-K (File No. 001-38232) filed with the SEC on April 4, 2023)

10.12	Equity and Asset Purchase Agreement, dated December 15, 2024, by and among BlackBerry Limited, BlackBerry UK Limited, Arctic Wolf Networks, Inc. and Arctic Wolf Networks International, Inc., together with exhibits and schedules thereto (certain schedules and information within exhibits and schedules omitted pursuant to Regulation S-K Item 601(a)(5) and Item 601(b)(2)(ii)) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on December 20, 2024)
10.13*†	Employment separation agreement with Marjorie Dickman, dated February 28, 2025
19*	Insider Trading Policy
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
97.1	Clawback Policy (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K (File No. 001-38232), filed with the SEC on April 4, 2024)
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

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* 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: April 2, 2025

By:	/s/ John Giamatteo
Name:	John Giamatteo
Title:	Chief Executive Officer
By:	/s/ Tim Foote
Name:	Tim Foote
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/ PHILIP BRACE Philip Brace	Chair and Director	April 2, 2025
/s/ LISA BAHASH Lisa Bahash	Director	April 2, 2025
/s/ LISA DISBROW Lisa Disbrow	Director	April 2, 2025
/s/ JOHN J. GIAMATTEO John J. Giamatteo	Director and Chief Executive Officer (Principal Executive Officer)	April 2, 2025
/s/ RICHARD LYNCH Richard Lynch	Director	April 2, 2025
/s/ LORI O'NEILL Lori O'Neill	Director	April 2, 2025
/s/ WAYNE WOUTERS Wayne Wouters	Director	April 2, 2025