ANALYST DAY 2018
Strategic Overview
SAFETY HARBOR STATEMENT

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For a reconciliation between the non-GAAP measures used in this presentation and our GAAP results, please see our Q4 Fiscal 2018 earnings press release and supplement available through our website and on EDGAR and SEDAR.
Opening Remarks

John Chen
Executive Chairman & CEO
BlackBerry Highlights

**STRATEGY**
Leveraging our DNA in security, mobile-first, embedded systems to win in the EoT market
Pivot from hardware to software is complete

**INNOVATION**
- 23% of revenue invested in R&D
- 37,500 Patents
- 18 Major development centers in 7 countries

**FINANCIAL PERFORMANCE** *(Non-GAAP)*
- $967M FY18 revenue
- 81% of total FY18 software and services revenue
- 8 consecutive quarters of operating profit
- $2.4B in cash as of February 28, 2018

**RECOGNITION**
Recognized market leadership by

**CUSTOMERS**
- 9/10 of Largest Commercial Banks and Insurance Companies
- 8/10 of Largest Healthcare and Aerospace/Defense Companies
- All 7 of the G7 Governments
- 60M Vehicles from leading auto manufacturers

**SECURITY DIFFERENTIATORS**
- 80+ Security Certifications
- Cybersecurity Operations Center
- Only ISO 26262 Certified
- Elliptical Curve Cryptography

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EoT Platform Requirements

- Global
- Agnostic
- Privacy & Security
- Evergreen
- End-To-End
- Application Friendly
- Enriched Data Analytics
- Scalable With The Market
The “Enterprise of Things” (EoT) is the 5th wave of enterprise productivity

**Wave**
- Underlying technology disruption
- Starting decade

**Systems of Record**
- Computer
- Communications
- Commerce
- Engagement

**Hyper-connectivity**
- Things

- **1970**
  - Computers replaced ledger systems, lowering G&A costs and accelerating reporting

- **1980**
  - IP networks replaced ATM/Sonet networks lowering cost and creating new high-bandwidth services

- **1990**
  - The Internet replaced brick & mortar stores and upended the buying experience

- **2000**
  - Mobile & Cloud-computing enabled engaging people anytime, anywhere, improving business responsiveness and performance

- **2010+**
  - The Internet-of-Things is creating hyper-connectivity which is transforming business processes and creating new business models

**BlackBerry enables EoT**
What is the “Enterprise of Things”

EoT enables digital transformation using hyper-connected “things” that are highly secure.

1. Things - Enables transformation

**Digital things**
52 billion exabytes of data by 2020 - 51% CAGR

**Physical things**
46 billion things by 2021 - 56% CAGR

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**Metcalf’s law**
Every connected node exponentially increases the value of a network


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**BlackBerry law**
Every connected node exponentially increases the security risk of a network

“40% of IoT value requires connectivity”
2. Security – Safeguards “Things” from attacks

<table>
<thead>
<tr>
<th>Security Category</th>
<th>1st Choice</th>
<th>2nd Choice</th>
<th>3rd Choice</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>16</td>
<td>14</td>
<td>9</td>
<td>39</td>
</tr>
<tr>
<td>Data and information management</td>
<td>9</td>
<td>8</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>Analytics</td>
<td>7</td>
<td>9</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>Technology is immature</td>
<td>9</td>
<td>8</td>
<td>6</td>
<td>23</td>
</tr>
<tr>
<td>Integration of IoT Tech</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Privacy concerns</td>
<td>9</td>
<td>9</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Integration of IoT data into existing enterprise apps</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>IoT installation complexity</td>
<td>7</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Communications and connectivity services</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>IoT device management</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>New IoT application development</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Implementing digital twins</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>HMI devices, mobile devices, custom mobile apps</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Gartner 2018, ID: 351051. Question: Please rank the three greatest technical barriers to the success of your organization’s IoT activities? (1st, 2nd and 3rd choice rankings of technical barrier to IoT success)
2. Security – Safeguards “Things” from attacks

New security requirements for EoT

- Attack surface has grown exponentially
- Employees and endpoints are emerging vulnerabilities
- Need to ensure network of suppliers and distributors are secure
- New standards for customer data privacy
- AI assessments needed to identify emerging vulnerabilities
3. Transformation – Creates business value

Industries are investing in EoT …

<table>
<thead>
<tr>
<th>Internet of Things investment by Industry*</th>
<th>81%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>80%</td>
</tr>
<tr>
<td>Technology, Media &amp; Telecomm</td>
<td>78%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>76%</td>
</tr>
<tr>
<td>Hospitality &amp; Leisure</td>
<td>76%</td>
</tr>
<tr>
<td>Power &amp; Utilities</td>
<td>74%</td>
</tr>
<tr>
<td>Retail &amp; Consumer</td>
<td>73%</td>
</tr>
<tr>
<td>Energy &amp; Mining</td>
<td>72%</td>
</tr>
<tr>
<td>Industrial Products</td>
<td>67%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>65%</td>
</tr>
</tbody>
</table>

… to realize key transformational benefits

Six major tasks that benefit from IoT**

1. Enhanced situational awareness
2. Process optimization
3. Optimized resource consumption
4. Sensor-driven decision analytics
5. Tracking behavior for real-time marketing
6. Instantaneous control and response in complex autonomous systems

What this means for a hyper-connected organization

**EoT transforms how we work**

**Workplace**, either physical or digital, uses things to seamlessly enable work anytime, across any boundary.

**Workflow** is optimized using things to securely collect and deliver the right information to the right decisioning end-point at the right time.

**Workforce** seamlessly extends across employees, contractors, partners and things. They are enabled to get to better outcomes faster. The result is more agile and effective employees and partners.

Business Value
TODAY’S DIGITAL WORLD

Disconnected Workplace

Closed Workforce

Siloed Workflow

Disparate security solutions in place to address rising threats

Endpoints not secure

Multiple mobile device management

BYOD and accidental content leakage

Wide variety of file sharing solutions

No standard for IoT and wearables connectivity

Small projects underway for digital transformation

No standard automated process for emergency communications

Consumer messaging use for company business

No secure access to corporate systems from outside the office

Multiple logins
SMART FUTURE

- Instantaneous control and response in complex autonomous systems
- Enterprises are resistant to malicious attack with holistic security solutions
- Complete data transparency
- Process optimization with semi-autonomous workflows
- Enterprises prepared to respond to a cybersecurity or other critical incident
- One seamless enterprise ID
- One secure virtual collaboration space with your coworkers and external partners
- Apps that look and feel the same on any device
- Secure connected endpoints
- All devices easily managed from one backend console
- IoT and wearables easily fit into device connectivity and manageability
- One secure messaging platform for personal and business
How to get started

SMART DEVICES
Ensure endpoints are secure

Endpoint management

Enterprise applications

APPS, DATA
Employees access data, apps, to be effective anytime

Secure collaboration

FILES, ALERTS, COMMUNICATIONS
Files, alerting and communications are secured inside and outside the organization

Process optimization

Instantaneous control and response in complex autonomous systems

COMPLEX THINGS
Complex autonomous systems are used for major process transformation

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Financial Remarks

Steven Capelli
Chief Financial & Operating Officer
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Our pivot to an EoT software & services company is complete

**Revenue Mix %**

- **FY16**: 76%
- **FY17**: 50%
- **FY18**: 19%

Software and Services as % of total revenue

**Handheld devices & SAF as a % of total revenue**

**Software and Services ($M)**

- **FY16**: $530
- **FY17**: $687
- **FY18**: $782

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$530</td>
<td>$687</td>
<td>$782</td>
</tr>
</tbody>
</table>

- **Licensing, IP and Other**
- **BTS**
- **Enterprise**

3-year CAGR 21%

**Dramatic Shift in Business Model**

**Note:** Non-GAAP Financials
Our operational performance has improved

**Gross Margin**

- FY16: 46%
- FY17: 62%
- FY18: 75%

2,900 Basis Points Improvement

**Operating Margin**

- FY16: -5%
- FY17: 4%
- FY18: 8%

**EPS**

- FY16: -19¢
- FY17: 6¢
- FY18: 14¢

**Cash at the End of the Period ($M)**

- FY16: 2,624
- FY17: 1,696
- FY18: 2,548

*Strong cash position enables investment in growth*

**Debt at the End of the Period ($M)**

- FY16: 1,250
- FY17: 605
- FY18: 605

*Strengthened Balance Sheet*

Note: Non-GAAP Financials
FY19 and beyond will see continued growth of connected things

**Endpoint management**
- SMART DEVICES
  - Ensure endpoints are secure

**Enterprise applications**
- APPS, DATA
  - Employees access data, apps, to be effective anytime

**Secure collaboration**
- FILES, ALERTS, COMMUNICATIONS
  - Files, alerting and communications are secured inside and outside the organization

**Process optimization**

**Simple things**
- Data from remote sensors are used for alerting and improving operational performance

**Complex things**
- Complex autonomous systems are used for major process transformation
Recognized market leadership

**Connected Enterprise**

**Connected Cars**

**OEM’s**
- Ford
- Land Rover
- Jaguar

**Tier 1 Auto Suppliers**
- Bosch
- Aptiv
- Apollo
- Visteon
- Denso

**Chip Manufacturers**
- Intel
- NXP
- NVIDIA
- Qualcomm
- Texas Instruments

**Connected Things**

**Secure Android - Smartphone**
- TCL
- Merah Putih
- Optiemus

**Secure Android - non-smartphone**
- Punkt.

**Other Things**
- BlackBerry Radar

**Patents**
- Teletry
- Avanci
Business outlook

BlackBerry

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>BlackBerry Technology Solutions</th>
<th>Licensing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady revenue improvement, access to enterprise clients</td>
<td>Double digit revenue growth, increasing momentum</td>
<td>Continuous revenue improvement, strong future in EoT</td>
</tr>
</tbody>
</table>

- Market leader in EMM - strong base in security conscious industries
- Growth through consolidation, new logos and upselling of new products
- Expand strategic partnerships
- Grow cybersecurity services

- Market leader in operating system for Auto where reliability and security are most demanding.
- Innovation in new products for Auto and related industries (Jarvis and Radar)
- Increase presence in Asia – Korea, Japan, China
- Expand RADAR partnerships to Europe
- Build out Jarvis sales team

- Patent licensing remains the current backbone as we build out Licensing business for devices and EoT
- Support and extend smartphone manufacturers
- Extend reach into consumer and commercial EoT supported devices
- Patent monetization
## Key objectives for FY19 and beyond

<table>
<thead>
<tr>
<th>Continue building momentum</th>
<th>Timeless model</th>
<th>Current performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Double-digit</strong> growth in software and services billings</td>
<td><strong>Accelerated growth from EoT</strong></td>
<td><strong>FY18 results</strong></td>
</tr>
<tr>
<td>Positive EPS</td>
<td>Recurring software &amp; services revenue $\sim$90%</td>
<td>Recurring software &amp; services revenue $\sim$75%</td>
</tr>
<tr>
<td>Positive cash flows from continuing operations</td>
<td>Gross margin $\sim$80-85%</td>
<td>Gross margin 75%</td>
</tr>
<tr>
<td>Continue to drive toward our <strong>timeless model</strong></td>
<td>Operating Income $\sim$20-25%</td>
<td>Operating Income 8%</td>
</tr>
<tr>
<td></td>
<td>Adjusted EBITDA $\sim$25-30%</td>
<td>Adjusted EBITDA 17%</td>
</tr>
</tbody>
</table>

*Note: Non-GAAP Financials*