SECURITIES AND EXCHANGE COMMISSION

FORM 40-F

Annual reports filed by certain Canadian issuers pursuant to Section 15(d) and Rule 15d-4

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BLACKBERRY Ltd

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

or

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

For the fiscal year ended February 28, 2018 **Commission File Number 1-38232**

BlackBerry Limited
(Exact name of Registrant as specified in its charter)

Ontario	**7372**	**Not Applicable**
(Province or other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No)**

2200 University Ave East
Waterloo, Ontario, Canada,
N2K 0A7
(519) 888-7465
(Address and telephone number of Registrant's principal executive offices)

BlackBerry Corporation
3001 Bishop Drive, Suite 400
San Ramon, California, USA 94583
(925) 242-5660
(Name, address and telephone number of agent for service in the United States)

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

Title of each class	**Name of each exchange where registered**
Common Shares, without par value	**Toronto Stock Exchange**
Common Shares, without par value	**New York Stock Exchange**

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by this annual report.

The Registrant had 536,733,733 Common Shares outstanding as at February 28, 2018.
Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

☐ Yes 82- _________ ☒ 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 Exchange Act 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 is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

A. Disclosure Controls and Procedures

Disclosure controls and procedures are defined by the Securities and Exchange Commission (the "Commission") as those controls and other procedures that are designed to ensure that information required to be disclosed by the Registrant in reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the Registrant's disclosure controls and procedures as of the end of the period covered by this Annual Report and have determined that such disclosure controls and procedures were effective. A discussion of the Registrant's disclosure controls and procedures can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018, included in Exhibit 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls - Disclosure Controls and Procedures".

B. Management's Annual Report on Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018, included in Exhibit 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls - Management's Report on Internal Control Over Financial Reporting".

C. Attestation Report of the Registered Public Accounting Firm

The attestation report of Ernst & Young LLP ("EY") is included in EY's report, dated March 28, 2018, to the shareholders of the Registrant, which accompanies the Registrant's audited consolidated financial statements for the fiscal year ended February 28, 2018, filed as Exhibit 1.2 to this Annual Report.

D. Changes in Internal Control Over Financial Reporting

See Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018, included in Exhibit 1.3 to this Annual Report, under the heading "Disclosure Controls and Procedures and Internal Controls – Changes in Internal Control Over Financial Reporting".

E. Notice of Pension Fund Blackout Period

The Registrant was not required by Rule 104 of Regulation BTR to send any notice to any of its directors or executive officers during the fiscal year ended February 28, 2018.

F. Audit Committee Financial Expert

The Registrant's Board of Directors has determined that Barbara Stymiest, an individual serving on the Audit and Risk Management Committee of the Registrant's Board of Directors, is an audit committee financial expert, within the meaning of General Instruction B(8)(b) of Form 40-F.

The Commission 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 and Risk Management Committee and the Board of Directors who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit and Risk Management Committee or Board of Directors.

G. Code of Ethics

The Registrant's Board of Directors has adopted a code of ethics (the "Code") that applies to all directors, officers and employees. A copy of the Code may be obtained at www.blackberry.com. The Registrant will provide a copy of the Code without charge to any person that requests a copy by contacting the Corporate Secretary at the address that appears on the cover of this Annual Report on Form 40-F.

H. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by EY, the Company's independent auditor, for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY for the audit of the Company's annual financial statements or services that are normally provided by EY in connection with statutory and regulatory filings or engagements for such fiscal years were $4,273,803 (of which $1,926,094 related to prior fiscal years) and $2,891,007, respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above as audit fees were $33,598 and $18,071, respectively. Professional services provided included procedures related to the audit of new systems implemented.

Tax Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $6,265 and $69,363, respectively. Tax services provided included international tax compliance engagements.

All Other Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY for acquisition related due diligence were $129,301 and $80,277, respectively.

Audit Committee Pre-Approval Policies and Procedures

Since the enactment of the Sarbanes-Oxley Act of 2002 on July 30, 2002, all audit and non-audit services performed by the Registrant's outside auditors are pre-approved by the Audit and Risk Management Committee of the Registrant.

I. Off-Balance Sheet Arrangements

The Registrant is not a party to any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

J. Tabular Disclosure of Contractual Obligations

Tabular disclosure of the Registrant's contractual obligations can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018, included in Exhibit No. 1.3 to this Annual Report, under the heading "Financial Condition - Aggregate Contractual Obligations".

K. Identification of Audit Committee

The Registrant has an Audit and Risk Management Committee comprised of four individuals: Barbara Stymiest (Chair), Timothy Dattels, Dr. Laurie Smaldone Alsup and the Hon. Wayne Wouters. Each of the members of the Audit and Risk Management Committee is independent as that term is defined by the rules and regulations of the New York Stock Exchange.

L. Critical Accounting Estimates

A discussion of the Registrant's critical accounting estimates can be found in its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018, included in Exhibit No. 1.3 to this Annual Report, under the heading "Accounting Policies and Critical Accounting Estimates - Critical Accounting Estimates".

M. Interactive Data File

The Registrant has submitted to the Commission, included in Exhibit 101 to this Annual Report, an Interactive Data File.

N. Mine Safety

The Registrant is not currently required to disclose the information required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the Commission a Form F-X in connection with its Common Shares, as amended on Form F-X/A filed with the Commission on June 1, 2015 and on Form F-X/A filed with the Commission on June 24, 2016.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BLACKBERRY LIMITED

Date: March 28, 2018	By:	/s/ Steven Capelli
	Name:	Steven Capelli
	Title:	Chief Financial Officer and Chief Operating Officer

EXHIBIT INDEX

Exhibit No.	Document
1.1	Annual Information Form for the fiscal year ended February 28, 2018, dated March 28, 2018.
1.2	Audited Consolidated Financial Statements for the fiscal year ended February 28, 2018, prepared in accordance with U.S. generally accepted accounting principles.
1.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended February 28, 2018.
23.1	Consent of Ernst & Young LLP.
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File.

BLACKBERRY LIMITED
2200 University Avenue East
Waterloo, Ontario
Canada
N2K 0A7

Annual Information Form
For the fiscal year ended
February 28, 2018

DATE: March 28, 2018

TABLE OF CONTENTS

ANNUAL INFORMATION FORM

CERTAIN INTERPRETATION MATTERS

Unless the context otherwise requires, all references to the "Company" and "BlackBerry" include BlackBerry Limited (formerly, Research In Motion Limited) and its subsidiaries. All dollar references, unless otherwise noted, are in United States dollars.

BlackBerry®, BBM™, QNX®, Good® and related trademarks, names and logos are the property of BlackBerry Limited and are registered and/or used in the United States and countries around the world. All other trademarks are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form ("AIF") 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 the anticipated benefits of its strategic initiatives and its intentions to grow revenue and increase and enhance its product and service offerings;
- the Company's expectations regarding the generation of revenue and margin from its software, services and other technologies, including its intellectual property and brand assets;
- the Company's intention to maintain its leadership position and increase its market share in unified endpoint management ("UEM") and mobile security; and
- the Company's intention to pursue growth in select international markets

The words "expect", "anticipate", "estimate", "may", "will", "should", "could", "intend", "believe", "target", "plan" and similar expressions are intended to identify forward-looking statements. 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, and the Company's expectations regarding its financial performance. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks and uncertainties facing the Company which are described in the "Risk Factors" section of this AIF.

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. These forward-looking statements are subject to the inherent risk of difficulties in forecasting the Company's financial results and performance for future periods, particularly over longer periods, given the ongoing transition in the Company's business strategy and the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the industries in which the Company operates. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. 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.

CORPORATE STRUCTURE

The Company

The Company was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on March 7, 1984 and commenced operations at that time. The Company has amalgamated with several of its wholly-owned subsidiaries, the last amalgamation occurring through the filing of articles of amalgamation under the OBCA on November 4, 2013. The Company's registered and principal business office is 2200 University Avenue East, Waterloo, Ontario, Canada N2K 0A7.

Intercorporate Relationships

The Company has four material subsidiaries, all of which are wholly-owned, directly or indirectly, by the Company in each case as at February 28, 2018.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
BlackBerry Corporation	Delaware, U.S.A.
BlackBerry UK Limited	England and Wales
Good Technology Corporation	Delaware, U.S.A.
QNX Software Systems Limited	Ontario, Canada

GENERAL DEVELOPMENT OF THE BUSINESS

The products, services and developments that have influenced the Company's business over the last three fiscal years are as follows:

Fiscal 2018:

Products, Services, Recognitions and Certifications

- Named a leader in the Gartner, Inc. ("Gartner") June 2017 Magic Quadrant for Enterprise Mobility Management Suites and received the highest score for all six use cases in the Gartner, Inc. *Critical Capabilities for High-Security Mobility Management* report for the second year in a row;
- Received the highest score in two use cases in the Gartner *Critical Capabilities for Content Collaboration Platforms* report;
- Became the only vendor recognized by Gartner in all eight categories of their *Market Guide for Information-Centric Endpoint and Mobile Protection* with a single platform offering;
- Ranked as a leader in the *Forrester Wave: EMM* report by Forrester Research, Inc., for the third consecutive year;
- Launched QNX Hypervisor 2.0, a real-time Type 1 hypervisor solution that enables automotive platform developers to partition and isolate safety-critical environments from non-safety critical environments;
- Launched BlackBerry Jarvis, a cloud-based static binary code-scanning tool that identifies cybersecurity vulnerabilities in software used in automobiles;
- Expanded its asset tracking portfolio with the launch of Radar-L, a solution for flatbeds, chassis, containers, heavy machinery and other valuable transportation or non-powered assets;
- Partnered with TCL Communication ("TCL") and PT BB Merah Putih to introduce the BlackBerry-branded KEYone, Motion, and Aurora smartphones, offering the most secure Android smartphone experience;
- Announced that the BlackBerry AtHoc cloud service for crisis communication received U.S. Federal Risk and Authorization Management Program ("FedRAMP") authorization;
- Launched AtHoc Account, a FedRAMP-authorized solution that automates personnel accountability and crisis communication processes by providing safety and availability status updates of people before, during and after a critical event;
- Expanded SecuSUITE for Government availability to include the Canadian and U.S. governments; and
- Introduced new cybersecurity consulting services aimed at enabling enterprise General Data Protection Regulation compliance and mitigating security risks in connected automobiles that threaten personal and public safety.

Joint Ventures, Partnerships and Other Agreements

- Entered into a strategic licensing agreement with Teletry, under which Teletry may sublicense a broad range of the Company's patents to a majority of global smartphone manufacturers;

- Entered into an agreement with Qualcomm Technologies, Inc. (“Qualcomm”), to optimize select Qualcomm hardware platforms with software from its wholly-owned subsidiary QNX Software Systems Limited (“BlackBerry QNX”) for use in virtual cockpit controllers, telematics, electronic control gateways, digital instrument clusters and infotainment systems, and to optimize the Company's over-the-air software and secure credential management services for use with select Qualcomm modems;

- Announced a commercial partnership agreement with Delphi Automotive PLC (now Aptiv) to provide the operating system for its autonomous driving system;
- Selected by Baidu to power Baidu's Apollo autonomous driving open platform, CarLife infotainment platform and DuerOS artificial intelligence system;
- Announced that NVIDIA Corporation selected BlackBerry QNX to be the software foundation for its functionally safe self-driving development platform;
- Announced that, in partnership with DENSO Corporation, the Company has developed the world's first integrated Human Machine Interface platform for automobiles;
- Added numerous Gold-level partners to the BlackBerry Enterprise Partner Program, furthering the Company's commitment to establishing and growing its global ecosystem of enterprise software partners and developers;
- Entered into a reselling partnership with Fleet Complete for BlackBerry Radar and announced that Fleet Complete has chosen BlackBerry Radar for its BigRoad Freight program;
- Announced a new partnership with Pana-Pacific to make BlackBerry Radar available to more than 2,800 commercial vehicle dealers in North America;
- Signed its first white label licensing deal with Yangzhou New Telecom Science and Technology Company Ltd. ("NTD"), under which handsets developed by NTD and branded by original equipment manufacturers ("OEMs"), carriers and local smartphone brands will use BlackBerry's device software and be marketed as "BlackBerry Secure"; and
- Expanded its distribution channels through a new initiative with Allied World Assurance Company Holdings, AG, whereby Allied World will provide its cyber policyholders with direct access to the Company's cybersecurity expertise through the BlackBerry SHIELD online self-assessment tool that will identify areas of weakness, after which the Company will work to improve the policyholders' security posture by providing its cybersecurity products and services.

Financial Highlights

- Achieved non-GAAP total Company software and services revenue of $782 million for the year, and U.S. GAAP total Company software and services revenue of $747 million for the year;
- Achieved non-GAAP EPS of $0.14 per basic and diluted share in fiscal 2018, and U.S. GAAP EPS of $0.76 per basic share and $0.74 per diluted share in fiscal 2018;
- Achieved positive free cash flow for fiscal 2018, before considering the costs of restructuring and transition from the hardware business as well as the net impact of arbitration awards and damages;
- Resolved all amounts payable in connection with an arbitration with Qualcomm and received payment of $940 million from Qualcomm including interest and attorneys' fees, net of certain royalties due from the Company; and
- Commenced a normal course issuer bid to repurchase up to 31 million common shares of the Company (see also "Normal Course Issuer Bid").

Executive Officer Appointments

- Appointed Steven Capelli as Chief Operating Officer (in addition to Chief Financial Officer); and
- Appointed Mark Wilson as Chief Marketing Officer.

Fiscal 2017:

Products, Services and Certifications

- Launched the Company's comprehensive and fully integrated software platform to secure the Enterprise of Things;
- Partnered with TCL in its introduction of the BlackBerry-branded KEYone smartphone;
- Launched DTEK60 and DTEK50 secure Android smartphones;
- Launched BlackBerry Radar, an end-to-end asset tracking system for trucking companies and private fleet operators to optimize asset utilization, reduce theft and reduce operational costs;
- Announced plans to launch the BlackBerry Autonomous Vehicle Innovation Center ("AVIC") to focus on developing secure software for connected cars and autonomous driving, while launching the BlackBerry QNX Software Development Platform for autonomous drive and connected cars;
- Introduced the Enterprise Partner Program to stimulate growth and drive profit for solutions providers, developers and training partners working with BlackBerry solutions;
- Achieved common criteria National Information Assurance Partnership ("NIAP") certification for BB 10.3.3;
- Announced plans to launch a Federal Cybersecurity Operations Center to support FedRAMP and other government security certification initiatives, led by former U.S. Coast Guard CIO, Rear Admiral Bob Day Jr. (retired); and

- Entered the Communications Platform as a Service ("CPaaS") market with the launch of the BlackBerry Messenger ("BBM") Enterprise Software Development Kit ("SDK"), which will enable developers to integrate secure messaging, voice and video capabilities into applications and services.

Joint Ventures, Partnerships and Other Agreements

- Entered into agreements with TCL, Optiemus Infracom Ltd. ("Optiemus") and PT BB Merah Putih under which the Company licensed its security software and service suite, as well as related brand assets, to enable these licensees to design, manufacture, sell and provide customer support for BlackBerry-branded handsets featuring the Company's secure Android software;
- Entered into a strategic alliance and licensing agreement with PT Elang Mahkota Teknologi Tbk ("Emtek") to provide cross-platform consumer BBM users with access to enriched content and services; and
- Entered into a non-exclusive agreement with Ford Motor Company for expanded use of the BlackBerry QNX OS, hypervisor and audio processing software as well as Certicom and other security software.

Financial Highlights

- Reduced leverage through the redemption of the Company's outstanding 6% convertible debentures (the "6% Debentures") through the issuance of $605 million aggregate principal amount of 3.75% convertible debentures of the Company (the "3.75% Debentures") (the "Debenture Refinancing");
- Completed a normal course issuer bid under which the Company repurchased for cancellation approximately 12.6 million common shares;
- Achieved positive adjusted EBITDA in each quarter of fiscal 2017; and
- Achieved non-GAAP total Company software and services revenues of $687 million for the year, and U.S. GAAP total Company software and services revenues of $622 million for the year.

Executive Officer Appointment

- Appointed Steven Capelli as Chief Financial Officer.

Fiscal 2016:

Acquisitions

- Acquired all of the issued and outstanding shares of Good Technology Corporation ("Good"), a provider of secure mobility solutions, including secure applications and containerization that protects end user privacy, in a significant acquisition for aggregate consideration of approximately $417 million;
- Acquired AtHoc, Inc. ("BlackBerry AtHoc"), a provider of secure, networked crisis communications;
- Acquired WatchDox Ltd., a data security company offering secure enterprise file synchronization and sharing ("EFSS") solutions; and
- Acquired Encription Holdings Limited and Encription Ireland Limited ("Encription"), a cybersecurity consulting firm providing industry-leading assessments in penetration testing and security training services.

Products, Services and Approvals

- Launched the PRIV smartphone, running on the Android™ operating system;
- Announced the Good Secure EMM Suites by BlackBerry, a comprehensive set of mobile security, management, productivity and collaboration offerings;
- Announced the launch of a Professional Cybersecurity Services practice;
- Announced voice encryption solution SecuSUITE for Enterprise;
- Announced BES12 Cloud, a cloud-based, cross-platform enterprise mobility management ("EMM") solution;
- Obtained the approval of the United States Department of Defense ("DoD") for the use of Public Key Infrastructure credentials on BlackBerry OS and BlackBerry 10 smartphones;
- Unveiled a new QNX software platform for Advanced Driver Assistance Systems ("ADAS") to enable automakers to build autonomous drive features; and
- Showcased at the Consumer Electronics Show an over-the-air software platform, as well as the development version of BlackBerry Radar.

Joint Ventures, Partnerships and Other Agreements

- Entered into a long-term patent cross-licensing agreement with Cisco;
- Entered into a joint development and manufacturing agreement with Wistron Corporation;
- Announced the planned integration of Samsung KNOX™ with WorkLife by BlackBerry and SecuSUITE; and
- Announced the availability of the Company's multi-OS EMM platform in the Microsoft Azure Marketplace.

Financial Highlights

- Achieved positive free cash flow and positive adjusted EBITDA in each quarter of fiscal 2016;
- Achieved non-GAAP revenue of $527 million from software and services for the year, and U.S. GAAP software and services revenue of $494 million for the year;
- Commenced a normal course issuer bid to repurchase up to 27 million common shares of the Company; and
- Commenced the resource alignment program (the "Resource Alignment Program") with the objectives of reallocating Company resources to capitalize on growth opportunities and reaching sustainable profitability.

Director and Executive Officer Appointments

- Appointed the Honourable Wayne G. Wouters, PC, an executive leader in government relations, strategic leadership, international trade and economic policy, to the board of directors of the Company (the "Board");
- Appointed Laurie Smaldone Alsup, M.D., an executive leader in drug development, regulatory strategy, and regulatory approvals in the pharmaceutical and biotechnology industries, to the Board; and
- Appointed Carl Wiese as President of Global Sales.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

BlackBerry is an enterprise software and services company focused on securing and managing endpoints in the Internet of Things ("IoT"). Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Australia, the Middle East, Latin America and Africa. The Company's common shares trade under the ticker symbol "BB" on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE"). The Company transferred the listing of its common shares from the NASDAQ Global Select Market to the NYSE during the third quarter of fiscal 2018.

Secure Mobile Enterprise Software and Services Industry

Today's workforce expects to be as productive on mobile devices as it is on desktop and laptop computers, with secure, reliable access to their data, applications and services. Enterprises have embraced a range of device deployment strategies for employees and are increasingly enabling mobile-first interactions with external partners and customers. In implementing these strategies, organizations require software and services that optimize productivity and collaboration without compromising on centralized management or security.

As the digital transformation of enterprises continues to advance, the number and scope of connected devices is expanding to include not only smartphones but also other endpoints, such as vehicles. With the rapid growth of this network of connected endpoints, often referred to as the IoT, and the applications that serve them, security has become increasingly important. Cybercriminals seek to exploit vulnerabilities in IoT connections and continue to develop novel and sophisticated methods of gaining access to sensitive intellectual property and personal information. Recent data breaches experienced by other organizations have exposed the potential for hacking to cause significant financial and reputational damage and even to threaten national security. Enterprises acknowledge the fundamental nature of cybersecurity risk and demand software and services that can protect their data, ensure privacy and demonstrate compliance with applicable security regulations.

This landscape has created opportunities for secure management solutions, embedded systems, communications platforms, enterprise applications, networks and analytic tools, as well as for related services that help enterprises to enhance data security and user privacy.

Strategy

BlackBerry is widely recognized for productivity and security innovations, and the Company believes that it delivers the most secure end-to-end mobile enterprise solutions in the market. With these core strengths, the Company's broad portfolio of products and services is focused on serving enterprise customers, particularly in regulated industries.

The Company is focused on delivering an end-to-end software and services platform for the Enterprise of Things. The Company defines the Enterprise of Things as the network of devices, computers, vehicles, sensors, equipment and other connected endpoints within the enterprise that communicate with each other to enable smart business processes. The Company leverages many elements of its extensive technology portfolio to extend best-in-class security and reliability to its solutions for the Enterprise of Things, including UEM, embedded systems, crisis communications, enterprise applications, and related services, with hosting available on the Company's global, scalable, secure network, as well as on public clouds.

The Company intends to continue to increase and enhance its product and service offerings through both strategic acquisitions and organic investments. The Company’s goal is to maintain its market leadership in the enterprise mobility segment by continuing to extend the functionality of its platform for the Enterprise of Things and, on top of this extensive foundation, deliver software and embedded solutions focused on strategic industry verticals.

The following five strategic pillars support the Company as it pursues its software-focused strategy:

- **Product Platform.** The Company's core software and services offering is BlackBerry Secure, an end-to-end Enterprise of Things platform comprised of enterprise communication and collaboration software and safety-certified embedded solutions. The solutions that comprise the BlackBerry Secure platform are informed by deep mobile and automotive security expertise and experience, continuous technical innovation, professional cybersecurity services, industry partnerships and academic collaborations. These solutions include the BlackBerry Enterprise Mobility Suite, BlackBerry Jarvis, BBM Enterprise service, the BBM Enterprise SDK, and the technologies offered by BlackBerry QNX, Certicom, BlackBerry Athoc and Secusmart.
- **Substantial Target Markets.** The Company leverages its expertise in endpoint security and management to capitalize on opportunities in growing segments of the cybersecurity, connected transportation, healthcare, financial services and government markets. With its BlackBerry Secure platform, the Company intends to provide enterprises and governments with the highest standard of security.
- **Efficient Go-To-Market.** The Company's sales strategy focuses solely on enterprise software, services and licensing. The Company continues to build its developer and channel partner programs for BlackBerry Secure to promote the growth of an enterprise endpoint security ecosystem and to bolster the Company's direct sales and marketing efforts. The Company also licenses its brand and secure handset software and applications to select third-party manufacturers and others seeking the Company's software expertise. See also "Sales, Marketing, Distribution and Customers".
- **Operational Efficiency.** The Company continues to review its operations to optimize its enterprise software and services business with greater efficiency and speed in bringing new offerings to market.
- **Growth and Profitability.** The Company intends to drive revenue growth through its software and services portfolio and to achieve margins that are consistent with those of other enterprise software companies.

Products and Services

The Company is organized and managed as one operating segment. The Company has multiple products and services from which it derives revenue, which are grouped as follows: Enterprise Software & Services, BlackBerry Technology Solutions ("BTS"), Licensing, IP and Other, Handheld Devices, and Service Access Fees ("SAF").

Enterprise Software and Services

Enterprise Software and Services consists of operations relating to certain of the Company's software products and service offerings, including:

BlackBerry Enterprise Mobility Suite

Security, reliability, productivity and collaboration are hallmark strengths of the Company's enterprise software offerings and are instrumental to the Company's success in the enterprise market.

A core software component of the BlackBerry Secure platform is the BlackBerry Enterprise Mobility Suite, which combines and integrates mobile security, management, productivity and collaboration solutions with best-in-class application security and containerization, identity and access management, and EFSS with file level data protection, all at a global scale. The BlackBerry Enterprise Mobility Suite supports all of the major operating systems and device ownership models employed in the enterprise.

The Enterprise Mobility Suite integrates a broad portfolio of technologies and solutions, including BlackBerry UEM, BlackBerry Dynamics and BlackBerry Workspaces. BlackBerry UEM offers a "single pane of glass", or unified console view, for managing and securing devices, applications, identity, content, and IoT endpoints across all leading operating systems. BlackBerry Dynamics offers a best-in-class development platform and secure container for mobile applications, including the Company's own enterprise applications such as BlackBerry Work and BlackBerry Connect for secure collaboration. BlackBerry Workspaces is a document collaboration solution that embeds digital rights management protection in shared files to address the challenges of document security, manageability, tracking and compliance among multiple users in the enterprise.

The Company intends to maintain its leadership position and increase its market share in UEM and mobile security by continuing to expand its enterprise software portfolio through both the internal development and acquisition of technologies focused on identity management, authentication and other value-added security and productivity solutions.

BlackBerry AtHoc

In fiscal 2016, the Company expanded its messaging capabilities with the acquisition of AtHoc, Inc., a secure, networked crisis communications solutions market leader. The BlackBerry AtHoc software platform 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. BlackBerry AtHoc has earned FedRAMP authorization and helps to protect more than 70% of U.S. government personnel.

SecuSUITE for Government

The acquisition of Secusmart in fiscal 2015 strengthened the Company's secure enterprise mobility portfolio by adding a leading secure voice and text messaging solution with Secusmart's advanced encryption and anti-eavesdropping capabilities for businesses and public authorities. The Company has since expanded on Secusmart's original hardware-based offering by launching SecuSUITE for Government, a certified, multi-OS voice encryption software solution that protects mobile calls and texts with a maximum level of security on the individual device level.

BlackBerry Professional Services

The BlackBerry Professional Services practice is comprised of BlackBerry Enterprise Consulting and BlackBerry Cybersecurity Consulting. BlackBerry Enterprise Consulting enables customers to optimize their experience with their chosen software solutions. Services include expert deployment support, end-to-end delivery (from system design to user training), application consulting, and experienced project management. As a platform-agnostic service, BlackBerry Enterprise Consulting offers customized strategy consultation, focusing on mobility-based challenges.

The acquisition of Encription in fiscal 2017 led to the announcement of the Company's professional cybersecurity services practice, BlackBerry Cybersecurity Consulting, which further expanded the Company's security portfolio. The Company's cybersecurity consultancy practice aligns clients' security with their business objectives to mitigate risk and enable digital transformation. The Company's cybersecurity consulting services and tools, combined with the Company's existing security solutions, help customers identify the latest cybersecurity threats, test for vulnerabilities, develop risk-appropriate mitigations, maintain IT security standards and techniques, and defend against the risk of future attacks.

BBM Enterprise

The Company continues to support and enhance BBM Enterprise, an enterprise-grade secure instant messaging solution compatible on both smartphones and desktops for messaging, voice, and video. BBM Enterprise offers rich features such as "read" and "delivered" statuses, message retraction and editing, and encrypts data both at rest and in transit.

Communications Platform as a Service

In fiscal 2017, the Company entered the CPaaS market by launching BBM Enterprise SDK to enable developers to integrate the secure messaging, voice, video and data sharing capabilities of BBM Enterprise into their own mobile and web applications. BBM Enterprise SDK enables developers to create in-app experiences that leverage the same secure, reliable network infrastructure that protects the BBM Enterprise solution.

BTS

The BTS business includes BlackBerry QNX, Certicom, Paratek and BlackBerry Radar, as well as other units advancing emerging innovations such as BlackBerry Jarvis. The BTS business was created to position the Company's technology licensing businesses together under one leadership umbrella with a view to creating new revenue streams and enhancing value from the Company's technology.

BlackBerry QNX

The largest BTS business unit is BlackBerry QNX. BlackBerry QNX is a global provider of real-time operating systems, middleware, development tools, and professional services for connected embedded systems, primarily in the automotive, medical and industrial automation markets. BlackBerry QNX is the recognized leader in software for automotive electronics, with products deployed in digital instrument clusters and in the infotainment and telematics systems of more than 60 million vehicles. Over 40 automotive OEMs use BlackBerry QNX technology in major car brands around the world. With its field-proven technology and suite of safety certifications, BlackBerry QNX is also a preferred supplier for companies building medical devices, train-control systems, industrial robots, hardware security modules, building automation systems, green energy solutions, and other mission-critical and safety-critical applications.

Recently, BlackBerry QNX has enhanced its focus on the future of the automotive industry with enhancements to the QNX CAR Platform and a growing portfolio of other innovative software products for instrument clusters, infotainment, connectivity, in-car network security, ADAS and acoustics. BlackBerry QNX also offers a Type 1 hypervisor that isolates and manages safety-critical and non-safety-critical systems in virtual machines. In fiscal 2017, BlackBerry QNX announced the AVIC to advance technology innovation for connected and autonomous vehicles, independently as well as in collaboration with private and public sector organizations and research institutes.

BlackBerry Jarvis

In fiscal 2018, the Company introduced BlackBerry Jarvis, a cloud-based static binary code-scanning solution that identifies vulnerabilities in software used in automobiles. BlackBerry Jarvis enables OEMs to scan software components from third party suppliers quickly and cost-effectively and provides actionable insights to help automakers to harden their cybersecurity posture and comply with industry standards. The Company also intends to market BlackBerry Jarvis in other industry segments, such as healthcare, industrial automation, aerospace and defense.

Certicom

Certicom specializes in applied elliptical curve-based cryptography, managed public key infrastructure and key management, offering both software components and end-to-end security solutions targeted at bandwidth and resource-constrained applications. Certicom's offerings include its Managed Certificate Service, which helps device manufacturers and service providers to secure their IoT networks and ecosystems by ensuring that the endpoints they connect are known and trusted, and its Asset Management System, a security and authentication solution for semiconductor vendors using outsourced manufacturing processes.

Paratek

Paratek designs, develops and licenses its adaptive radio frequency ("RF") antenna tuning technology. With the growth of RF bands to be covered, increasingly stringent performance requirements and design constraints, and the advent of carrier aggregation, RF antenna tuning is becoming a key differentiator to improve the antenna performance of smartphones. Paratek's proprietary closed loop tuning technology has been adopted by multiple OEMs and had numerous handset design wins.

BlackBerry Radar

The Company has developed and markets the BlackBerry Radar family of asset tracking and telematics products for the transportation and logistics industry. The BlackBerry Radar solution includes devices and web-based applications for tracking trailers, chassis, and containers, for reporting locations and sensor data, and for enabling custom alerts and fleet management analytics, all in real time.

The BlackBerry Radar unit also markets the Company's cloud-based secure over-the-air software update management service, which enables the secure delivery of firmware, applications and content to a variety of devices deploying software, such as connected cars, consumer devices and embedded systems.

Licensing, IP and Other

The Licensing, IP and Other business consists of three units: Intellectual Property and Licensing ("IP&L"), Mobility Licensing, and other licensing programs such as BBM Consumer.

IP&L

The IP&L unit 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 and wireless communications. As of February 28, 2018, the Company owned approximately 37,500 worldwide patents and applications, with an average life of about 11 years.

In fiscal 2018, the Company entered into a strategic licensing agreement with Teletry under which Teletry may sublicense a broad range of the Company's patents to a majority of global smartphone manufacturers. The Company also continues to operate its own licensing program outside of Teletry's sublicensing rights and intends to increase recurring revenue from this program.

Mobility Licensing

The BlackBerry brand, security and other product features continue to have appeal to a wide range of smartphone users and, as such, the Company continues to develop and license its secure device software. In fiscal 2017, the Company licensed its security software and service suite, as well as related brand assets, to three outsourcing partners who design, manufacture, sell and provide customer support for BlackBerry-branded handsets featuring the Company's secure Android software. TCL is the Company's exclusive licensee partner for all global markets other than India, Sri Lanka, Nepal and Bangladesh, where the Company's licensee partner is Optiemus, and Indonesia, where the Company's licensee partner is PT BB Merah Putih. During

fiscal 2018, the Company's partners introduced several smartphones under this program: TCL launched the BlackBerry-branded KEYone and Motion smartphones, and PT BB Merah Putih launched the BlackBerry-branded Aurora smartphone.

In fiscal 2018, the Company entered into a licensing arrangement with NTD, under which handsets developed by NTD and branded by OEMs, carriers and local smartphone brands will use BlackBerry's device software and be marketed as "BlackBerry Secure". The Company intends to further expand its device software and brand licensing program to include a broader set of devices and endpoints.

The Company delivers BlackBerry productivity applications to Android smartphone users around the world via the Google Play store, and also continues to develop updates for its legacy BlackBerry 10 platform.

BBM Consumer

In fiscal 2017, the Company entered into a strategic alliance and licensing agreement with Emtek, a leading media company in Indonesia, to provide cross-platform consumer BBM users with access to enriched content and services. This arrangement enables Emtek to develop and commercialize new consumer BBM applications and services for Android, iOS and Windows Phone devices.

Handheld Devices

During fiscal 2017, the Company launched its last BlackBerry-designed Android smartphones, the DTEK50 and DTEK60. During fiscal 2018, the Company sold through its remaining inventory for these and other legacy devices such as the PRIV secure Android smartphone and the Passport and Leap BlackBerry 10 smartphones, as well as smartphone accessories and non-warranty repair services, and no longer expects significant revenue from these activities.

SAF

The SAF business consists of operations relating to subscribers using mobile devices with the Company's legacy BlackBerry 7 and prior operating systems. The Company continues to earn service access fees on these subscribers, whose network traffic utilizes the Company's infrastructure. In recent years, service revenue from the SAF business has declined significantly and the Company expects it to continue to decline. SAF is a legacy business and not a part of the Company's strategic focus.

Sales, Marketing, Distribution and Customers

The Company primarily generates revenue from the licensing of enterprise software and sales of associated services, including its secure messaging products and services, cybersecurity consulting services, and the licensing of device software and BlackBerry branding. The Company also generates revenue from; (i) the embedded market through licensing BlackBerry QNX software products and providing professional services to support customers in developing their products; (ii) its BBM service; and (iii) technology licensing, accessories, and non-warranty repairs. The Company focuses on strategic industries with vertical-specific use cases, including regulated enterprise markets, such as financial services, government, healthcare and transportation, and other markets where embedded software and critical infrastructure are important, such as utilities, mining and manufacturing. For revenue and other financial information on the two most recently completed fiscal years, see the Company's Management Discussion and Analysis ("MD&A") for the fiscal year ended February 28, 2018, in the section entitled "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Revenue".

The Company licenses the BlackBerry Secure platform, including its individual components and applications and complementary third-party applications via its direct sales force and value-added resellers. The Company also licenses its enterprise software and services through global wireless communications carriers, which are able to bill separately for BlackBerry UEM services, and other distribution partners around the world.

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

The Company has entered into device software licensing agreements, enabling selected partners to design, manufacture, sell and provide customer support for BlackBerry-branded smartphones on a global basis. BlackBerry continues to control and develop its handset security and software solutions, serve its customers and maintain trusted BlackBerry security software and the BlackBerry brand.

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

The Company maintains a geographically-dispersed salesforce that is organized regionally and by channel.

For revenues by geographic region for the two most recently completed fiscal years, see the Company's MD&A for the fiscal year ended February 28, 2018, in the section entitled "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Revenue - Revenue by Geography".

For customer concentration information during the two most recently completed fiscal years, see the Company's MD&A for the fiscal year ended February 28, 2018, in the section entitled "Market Risk of Financial Instruments - Credit and Customer Concentration."

Competitive Strengths

The Company's competitive strengths include the following:

Enterprise Solutions and Services

The Company's enterprise software portfolio offers leading unified endpoint management, secure business productivity, application containerization, secure collaboration and digital rights management capabilities. The inclusion of a sophisticated network operations center in the BlackBerry infrastructure is also a key differentiator. 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 mobile devices and applications and enterprise networks. In addition, the Company offers a rich development platform for partners to build custom enterprise applications.

The Company is recognized for attaining the highest levels of security certifications and approvals for many of its mobility and communications solutions. In fiscal 2018, the Company achieved the highest scores in all six use cases in the Gartner *Critical Capabilities for High Security Mobility Management* report, for the second year in a row. The Company is also the only vendor recognized by Gartner in all eight categories of their *Market Guide for Information-Centric Endpoint and Mobile Protection* with a single platform offering.

BTS

The Company's competitive strengths in its BTS business are rooted in the Company's proprietary technology, including BlackBerry QNX's POSIX compliant micro-kernel architecture for embedded software applications, Certicom's cryptography applications, and Paratek's adaptive RF antenna tuning technology. In addition, BlackBerry QNX, as a trusted and recognized leader in software for automotive electronics, brings decades of accumulated knowledge and proven reliability to the embedded software market. In fiscal 2018, BlackBerry QNX announced development and partnership agreements with leading new and traditional Tier 1 automotive vendors, including Delphi Automotive PLC (now Aptiv), DENSO Corporation and Baidu, Inc., and with automotive semiconductor suppliers such as Qualcomm and NVIDIA.

BlackBerry AtHoc

BlackBerry AtHoc is a leader in network-centric, interactive crisis communication and is the leading provider of such solutions to the DoD, the U.S. Department of Homeland Security, and leading healthcare, industrial and commercial organizations. The BlackBerry AtHoc platform integrates with legacy systems, is mobile, supports on-premise and cloud-based deployments, and has received FedRAMP authorization for its security.

BBM Enterprise

BBM Enterprise leverages the BlackBerry network infrastructure to offer a rich messaging experience for iPhone, Android and BlackBerry users with features such as voice calling, one-click sharing of files and photos, and location sharing. BBM Enterprise provides full end-to-end message encryption (using FIPS 140-2 validated cryptographic libraries) for enterprise customers, with no separate hardware required.

Handheld Devices

The Company's most recent BlackBerry-branded handsets are the most secure Android smartphones and feature platform hardening software as well as unique security features designed to protect personal privacy and sensitive data. Legacy BlackBerry 10 smartphones continue to be used by governments and regulated industry customers with high security requirements, and the latest BlackBerry 10 operating system was certified for NIAP compliance.

Competition

The Company is engaged in markets that are highly competitive and rapidly evolving. Frequent new product introductions and changes to mobile devices, operating systems, applications, security threats, industry standards and the overall technology landscape result in continuously evolving customer requirements for mobile solutions. The Company competes with a broad range of vendors in each of its businesses. 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.

Providers of enterprise software solutions that compete with the Company's enterprise solutions and services offerings, including the BlackBerry Enterprise Mobility Suite, include VMware Inc., Microsoft Corporation ("Microsoft"), MobileIron Inc., Citrix Systems, Inc. ("Citrix"), SOTI Inc., SAP SE and IBM Corporation.

Providers of EFSS software that compete with BlackBerry Workspaces include: Accellion, Acronis, VMWare Inc., Box Inc., Citrix, Dropbox, Egnyte, Huddle Intralinks (Synchronoss), Microsoft, Syncplicity (Skyview Capital), Thru and Varonis.

BBM Enterprise is a unique secure instant messaging platform that leverages the Company's network infrastructure. Competitors that offer some of the feature of BBM Enterprise in less secure solutions include Layer, Nexmo, Twilio, Pilvo and Sinch. Products that compete with the Company's BBM service for consumers include Facebook's WhatsApp, Facebook Messenger, Microsoft's Skype, Line Corporation's LINE, Apple Inc.'s iMessage, Tencent's WeChat, Viber, Kik, KakaoTalk, Telegram and Snapchat.

Providers of embedded software that compete with the Company's BlackBerry QNX automotive business include Microsoft, which offers its Windows Embedded platform for automotive infotainment applications. Android and Linux operating systems also compete in the embedded computing space. Both Apple Inc. ("Apple") and Google have also demonstrated interest in the automotive sector. Apple's CarPlay™ software is resident on the iPhone® and enables its own infotainment user experience onto the screen in an automobile. Google has launched an Android application programming interface, Android Auto, for Android automobile applications. Other competitors of the Company's BlackBerry QNX business include Green Hills Software, Intel Corporation ("Intel"), MontaVista Software, Mentor Graphics Corporation, and Sysgo AG.

Providers of technologies that compete with the Company's OTA software update management service are Samsung, Delphi Automotive PLC, Intel and Verizon Telematics, as well as solutions internally developed by automotive OEMs.

Providers of solutions that compete with BlackBerry Radar are I.D. Systems, Inc., SkyBitz, ORBCOMM Inc., Spireon, Inc. and Omnitracs, LLC.

Manufacturers of mobile devices that compete with the BlackBerry-branded smartphones include Apple, Samsung, Microsoft, HTC Corporation, LG Electronics Inc., Huawei Technologies Co., Ltd., Lenovo Group Ltd., ZTE Corporation, and Xiaomi, Inc. Providers of major mobile operating system platforms that compete with the Company's BlackBerry 10, BBOS and secure Android platforms include Apple (iOS) and Google (Android).

See also the Risk Factor entitled "The Company faces intense competition".

Product Design, Engineering and Research and Development

The Company's research and development ("R&D") strategy seeks to provide broad market applications for products derived from its technology base.

The Company dedicates a major portion of its R&D investments to the development of software products and services for the BlackBerry Secure platform that meet the needs of both enterprise IT departments and end users. This includes enterprise solutions and services in UEM, cybersecurity, messaging, productivity and collaboration offerings, analytics, application security and containerization, and EFSS. Solutions include leading security capabilities at each level of the platform in order to address the needs of customers for securing devices, applications, content and work data at rest and in transit.

Additionally, BlackBerry QNX has developed and continues to enhance an embedded computing platform utilizing its unique micro-kernel operating system, multimedia and infotainment platform-specific middleware, as well as acoustic processing products. More recently, BlackBerry QNX has significantly increased its development focus on software innovations for autonomous and connected vehicles.

The Company's software development also supports products and services for BlackBerry-branded smartphones, including updates to the BlackBerry 10 operating system and enhancements for the Android operating system, such as advanced privacy controls, verified boot and secure bootchain, and Android kernel hardening. The Company is also expanding its mobile software expertise to develop highly secure operating system software enhancements for non-smartphone endpoints under the BlackBerry Secure brand.

To support its BlackBerry Radar solution, the Company creates innovative and robust hardware designs combined with proprietary software and firmware features. These tightly integrated solutions allow the Company to customize its proprietary technical solutions to address new applications and market demands.

The Company's investment in longer term research is, in part, supported by taking advantage of specific government financial assistance programs where available. For example, the Company qualifies for investment tax credits on eligible expenditures on account of the Canadian Scientific Research and Experimental Development Program. For additional information, see Note 9 to the Consolidated Financial Statements.

Third Party Software Developers

To facilitate the development of an application ecosystem for its products and services, the Company offers the BlackBerry Development Platform for third-party enterprise application developers and independent software vendors ("ISVs"), the BBM Enterprise SDK and BlackBerry QNX development platforms.

BlackBerry Development Platform

The Company offers the BlackBerry Development Platform, an enterprise grade toolset which enables enterprise application developers and ISVs to build secure, powerful and customized mobility solutions for almost every use case. The platform augments the capabilities of BlackBerry Dynamics for building secure applications, by adding tools for BlackBerry UEM, BlackBerry Workspaces, and other products. More than 4,000 third-party applications have been developed on the BlackBerry Development Platform.

ISVs that use the BlackBerry Development Platform can make their applications available on the BlackBerry Marketplace for Enterprise Software, which contains over 100 enterprise applications. ISVs that use the BlackBerry Dynamics SDK can certify their applications to highlight their security compliance on the BlackBerry Development Platform.

The Company also offers the BBM Enterprise SDK to ISVs to integrate the secure messaging, voice and video capabilities of BBM Enterprise into their applications and services.

BlackBerry QNX Development Platforms

BlackBerry QNX offers several platforms, the core of which is the QNX Software Development Platform used by all QNX customers for the development of QNX-based systems and includes the QNX Neutrino Realtime Operating System and the QNX Momentics Tool Suite. BlackBerry QNX also offers the BlackBerry QNX CAR Platform for Infotainment, a comprehensive stack that enables OEMs to rapidly bring to market secure, full-featured infotainment systems with leading automotive technologies. This platform integrates the BlackBerry QNX operating system and middleware technologies with best of breed third-party offerings for navigation, voice recognition, and smartphone connectivity on all major automotive grade hardware. Other platforms include the QNX Platform for Advanced Driver Assistance Systems, the QNX Platform for Instrument Clusters, and the QNX Acoustics Management Platform.

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, acquire and/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. Rather, the Company's success depends more 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 relating to wireless communication technology and enterprise software. As of February 28, 2018, the Company owned approximately 37,500 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.

In fiscal 2018, the Company entered into a strategic licensing agreement with Teletry under which Teletry may sublicense a broad range of the Company's patents to a majority of global smartphone manufacturers. The Company also continues to operate its own licensing program outside of Teletry's sublicensing rights.

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 to obtain rights that may be necessary to produce and sell products.

Production

The Company completed the transition of its handheld device business from an outsourced hardware manufacturing model to a software licensing model during fiscal 2018. The Company licenses its device security software and service suite, as well as related brand assets, to TCL, PT BB Merah Putih, and Optiemus. The design, manufacture, sales, and customer support of BlackBerry-branded smartphones is undertaken by these licensed partners, who have agreed to adhere to the Company's quality, security, and branding guidelines.

The Company outsources the hardware manufacturing requirements for its BlackBerry Radar business to specialized global electronic manufacturing service providers who are positioned to meet the volumes, scale, timing, cost and quality requirements of the Company. The Company generally provides sourcing guidance and decisions for materials are made jointly with the outsourcing partner. In most cases the ongoing supply is the sole responsibility of the outsourcing supplier.

Industry Associations

The Company is an active participant in numerous industry associations and standards bodies. The Company's involvement with leading associations includes standards development, government advocacy, joint marketing, participation in conferences and trade shows, training, technology licensing by the Company and business development.

Social and Environmental Regulations

The Company's operations are subject to regulation under various provincial, state, federal and international laws relating to environmental protection, the proliferation of hazardous substances, and social issues such as conflict minerals and human trafficking and slavery. In parts of Europe, North America, Asia-Pacific and Latin America, 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 handheld devices and BlackBerry Radar businesses. In addition, a growing list of jurisdictions have enacted social responsibility regulations such as the conflict minerals provisions of the U.S. Dodd Frank Wall Street Reform and Consumer Protection Act and the U.K. Modern Slavery Act which require the Company to comply with certain due diligence and disclosure obligations. These and other similar laws may become more stringent over time, may come into force in more jurisdictions where the Company operates and may require the Company to incur additional compliance costs.

Corporate Responsibility

The Company is committed to operating its business consistent with the highest ethical standards 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, and adhering to industry best practices.

In its procurement activities, the Company engages with its suppliers to conduct due diligence into the source of the so-called "conflict minerals" (which currently include the minerals from which gold, tantalum, tin, and tungsten are derived) that are necessary to the functionality or production of the Company's hardware products.

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 the Company's commitment to responsible business practices, including a Human Rights Policy, and periodically issues a corporate responsibility report. This report and other documents and policies relating to the Company's corporate responsibility initiatives can be viewed on the Company's website at http://ca.blackberry.com/company/about-us/corporate-responsibility.html and are not incorporated by reference in this AIF.

Employees

As of February 28, 2018, the Company had 3,288 full-time employees.

Facilities

The Company’s headquarters are located in Waterloo, Ontario, Canada. The Company’s main campus in Waterloo consists of three leased buildings. The Company also operates facilities in the United States, Latin America, Asia-Pacific, Europe and the Middle East.

LEGAL PROCEEDINGS

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 industries in which the Company competes have 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, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in this AIF, including the risk factors entitled "Litigation against the Company may result in adverse outcomes" and "The Company could be found to have infringed on the intellectual property rights of others".

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 determinable 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, 2018, with the exception noted below relating to the GTC Lawsuit (as defined below), there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable; therefore, no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result; however, an estimate of the amount of loss cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent that has allegedly been infringed; 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 (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the Company is a labour-intensive and highly technical process); 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.

Though they do not meet the test for accrual described above, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

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.

On March 14, 2014, the four putative U.S. class actions were consolidated in the U.S. District Court for the Southern District of New York, and on May 27, 2014, a consolidated amended class action complaint was filed. On March 13, 2015, the Court issued an order granting the Company's motion to dismiss. The Court denied plaintiffs' motion for reconsideration and for leave to file an amended complaint on November 13, 2015. On August 24, 2016, the U.S. Court of Appeals for the Second Circuit affirmed the District Court order dismissing the complaint, but vacated the order denying leave to amend and remanded to the District Court for further proceedings in connection with plaintiffs' request for leave to amend. The Court granted the plaintiffs' motion for leave to amend on September 13, 2017. The plaintiffs filed a second consolidated amended class action complaint (the "Second Amended Complaint"), which added the Company's Chief Legal Officer as a defendant, on September 29, 2017. The Court denied the motion to dismiss the Second Amended Complaint on March 19, 2018.

On July 23, 2014, the plaintiffs in the putative Ontario class action filed a motion for certification and leave to pursue statutory misrepresentation claims. On November 16, 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 January 22, 2016, the court postponed the hearing on the plaintiffs' certification motion to an undetermined date after asking the Company to file a motion to dismiss the claims of the U.S. plaintiffs for forum non conveniens. Briefing is complete and the parties are waiting for a hearing date from the Court. Trial court proceedings are on hold until all appeals related to the order granting the plaintiffs' motion for leave to amended are exhausted.

On October 12, 2015, a group of Good's institutional investors filed a putative class action lawsuit on behalf of Good's common shareholders against members of Good's former board of directors (the "GTC Directors") related to the Company's acquisition of Good (the "GTC Lawsuit"). The plaintiffs allege that the GTC Directors breached their fiduciary duty by engaging in a self-interested transaction that benefited the preferred shareholders at the expense of the common shareholders. The plaintiffs are seeking monetary damages, as well as rescission of the merger agreement between Good and the Company. While neither Good nor the Company are parties to the GTC Lawsuit, Good has certain obligations to indemnify some of the defendants and is providing a defense. On October 29, 2015, Good filed a complaint alleging that the plaintiffs breached their contractual obligations under a voting agreement providing that, in the event of a sale transaction that was approved by both the GTC Directors and a majority of the Good preferred shareholders, the plaintiffs were required to vote their shares in favour of the transaction and refrain from exercising any appraisal or dissent rights (the "Voting Rights Lawsuit"). Good alleges that the filing of the GTC Lawsuit was a breach of the voting agreement. On December 31, 2015, several Good shareholders filed a petition seeking appraisal against Good (the "Appraisal Lawsuit"). On August 25, 2016, the Court granted the plaintiff's motion for leave to file an amended complaint in the GTC Lawsuit naming additional defendants, including JP Morgan Chase and various venture capital funds whose designees were Good directors (the "Fund Defendants"). Good and the Company are not named in the amended complaint. On May 23, 2017, the plaintiffs reached a tentative settlement with the GTC Directors and Fund Defendants of the GTC Lawsuit. On May 31, 2017, the plaintiffs and JP Morgan Chase reached a tentative settlement of the GTC Lawsuit. On July 24, 2017, Good, the Petitioners in the Appraisal Lawsuit and the defendants in the Voting Rights Lawsuit entered into an Agreement of Settlement, Dismissal, and Release and filed same with the court. On August 8, 2017, the Court issued an order granting the parties' settlement terms. On August 18, 2017, the Company and JP Morgan Chase entered into a Settlement Funding Agreement, by which the Company agreed to fund JP Morgan Chase's settlement with plaintiffs. On August 22, 2017, JP Morgan Chase and the plaintiffs filed a Stipulation and Agreement of Compromise and Settlement with the Court. On November 9, 2017, the Company filed a demand for arbitration seeking the release of funds from an escrow fund account established when the Company acquired Good to indemnify the Company for certain costs incurred in connection with the defense and settlement of the GTC Lawsuit and the Appraisal Lawsuit. The arbitration hearing is scheduled for September 10-12, 2018.

The GTC Lawsuit is stayed pending court approval of all tentative settlements. During the first quarter of fiscal 2018, the Company accrued $10 million for legal costs related to litigation arising out of its acquisition of Good.

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 risk profile is regularly assessed against the risk appetite statement, which is reviewed and updated as the Company's business strategy and operating environment evolve.

Risk Governance and Oversight

The Company utilizes a "three lines of defense" governance structure to define how the responsibility for risk management activities is assigned:

- The first line of defense for managing risks resides with the management of each business unit. Risk exposures are identified and mitigated at a granular level through various ongoing management activities including business planning, operations management, reporting, and process improvement projects.
- Oversight of business unit management is provided by the second line of defense, the Security Risk and Compliance Committee ("SRCC"), which meets at least quarterly and is supported by various compliance, security and control functions. The SRCC is composed of manager representatives from each major business group and provides strategic direction by defining key policies, identifying emerging risk trends, and sponsoring training.
- The internal audit function comprises the third line of defense, providing independent assurance of the effectiveness of the Company's risk management activities and internal controls related to (i) financial reporting and integrity and (ii) other areas of risk as assigned by the Audit and Risk Management Committee from time to time, including cybersecurity risk. The internal audit function may also review the governance structures and mandates of the first two lines of defense.

Additional governance and oversight is provided by the risk management council ("RMC"), a council of internal senior leaders which oversee the risk management activities undertaken by business group management and the SRCC. The RMC meets at least quarterly with the Chief Risk Officer serving as the Chair. The RMC reviews the Company's risk profile, risk criteria and limits, and monitors remediation activities to address gaps. The RMC also approves the risk appetite statement and promotes a culture of risk management and compliance across the Company.

The Chief Risk Officer provides regular reporting to the Board and the Audit and Risk Management Committee on the Company's risk profile and the activities overseen by the RMC. The Board is ultimately responsible for overseeing the Company's risk identification, assessment, management, monitoring and reporting activities. The Audit and Risk Management Committee assists the Board with the oversight of enterprise risk management at the Company, including risk assessment, risk compliance, the internal audit function and the controls, processes and policies used to manage the Company's risk. The Compensation, Nomination and Governance Committee of the Board also assists the Board with the oversight of risk management and controls with respect to the Company's compensation policies and practices, including the administration of the Company's equity-based compensation plans.

Since June 2015, the Chief Information Officer has provided regular updates to the Board on the advancing maturity of the Company's cybersecurity program, including reports on threat monitoring, penetration testing, vulnerability remediation, encryption efforts and compliance activities. The updates also include reports on the Company's third-party cybersecurity accreditations and certifications, and on the advancement of the Company's security posture as scored using the U.S. National Institute of Standards and Technology (NIST) Cyber Security Framework.

RISK FACTORS

Investors in the Company's securities should carefully consider the following risks, as well as the other information contained in this AIF and in the Company's MD&A for the fiscal year ended February 28, 2018. If any of the following risks actually occurs, the Company's business could be materially harmed. 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 deems immaterial, may also have a material adverse effect on the Company's business, financial condition and results of operations.

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

The industries in which the Company competes are characterized by increasingly 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 its current products and services, including the BlackBerry Secure platform, to provide for their compatibility with evolving industry standards and operating systems, to address competing technologies and products developed by other companies, and to continue to develop and introduce new products and services offering enhanced performance and functionality on a timely basis at competitive prices.

The process of developing new technology is complex and uncertain, and involves time, substantial costs and risks, which are further magnified when the development process involves multiple operating platforms. The Company may be required to commit significant resources to developing new products, software and services before knowing whether such investment will result in products or services that the market will accept.

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

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

The Company has focused its strategy on software and services to grow revenue and generate sustainable profitability.

For the Company to increase its software and services revenues, it must continually grow its customer base by attracting new customers or, in the case of existing customers, deploying software and services across more end points or attracting additional users in such existing customers' businesses. The Company also needs to sell additional software and services over time to the same customers, or have customers upgrade their level of service. If the Company is unable to promote a compelling value proposition to customers and its efforts to sell or upsell software or services as described above are not successful, its results of operations could be materially impacted.

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

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

The Company's ability to grow software and service revenue is also dependent on its ability to: (i) expand its distribution capabilities with partners, resellers and licensees, (ii) build a direct sales force, which requires significant time and resources, including investment in systems and training, and (iii) increase coordination across business units to leverage sales leads and synergistic products and services in the Company's portfolio. There can be no assurance that the Company will be successful in implementing its sales and distribution strategy. See also the Risk Factor entitled "The Company's success depends on its relationships with resellers and distributors".

The Company faces intense competition.

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

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

Some of the Company's competitors have greater name recognition, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than the Company does. In particular, some of the Company's competitors have increased their focus on marketing and product development in the enterprise market. 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 occurrence or perception of a breach of the Company's network or product security measures or an inappropriate disclosure of confidential or personal information could harm its business.

BlackBerry products and services frequently involve the transmission, processing and storage of data, including proprietary, confidential and personally identifiable information, and can include on-premise and cloud deployments. Although malicious attempts to gain access to such information affect many companies across various industries, the Company is at a relatively greater risk of being targeted because of its reputation for security and the nature of its network operations.

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 IT security. The Company is also exposed to risk as a result of employee error or malfeasance and through attempts by third parties to fraudulently induce employees to provide access to confidential or personal information.

The Company devotes significant resources to network security, encryption and authentication technologies and other measures, including security policies, procedures and awareness training, to mitigate cyber risk to its systems and data. In addition, the Company continuously engineers more secure products and services, enhances security and reliability features, deploys software updates to address vulnerabilities, and maintains the 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. 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.

If the network and product security measures implemented by the Company or its partners, including third-party data centre operators, cloud service providers and product manufacturers are breached, or perceived to be breached, or if there is an inappropriate disclosure of confidential or personal information from the Company's systems, the Company could be exposed to significant litigation, service disruptions, 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 lead customers, including the Company's most significant government customers, to reduce or delay future purchases or to purchase products or services of the Company's competitors. The Company's insurance coverage may be insufficient to cover all losses or types of claims that may arise from cyber threats.

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.

To attract and retain critical personnel, the Company may experience increased compensation costs that are not offset by increased productivity or higher prices for our products and services. Also, the Company's financial results and share price performance (particularly for those 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 attract and retain key employees could have a material adverse effect on the Company's business, results of operations and financial condition.

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

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

The Company's ability to maintain and expand its market reach is increasingly dependent on establishing, developing and maintaining relationships with third party resellers and distributors, including network carriers. The Company relies on these channel partners to promote and deliver the Company's current and future products and services and to grow its user base.

If the Company is not able to effectively identify and establish new relationships with successful resellers and distributors, or in maintaining or enhancing existing such 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 distributors 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 distributors 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 distributors, there may be continued pressure on the Company to reduce the price of its products and services, or those resellers and distributors 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 would have a material adverse effect on the Company's business, results of operations and financial condition.

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

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

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

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

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

These activities involve significant challenges and risks, including: that they may not advance the Company's strategic objectives or generate a satisfactory return on investment; that the Company may have difficulty integrating and managing new employees, business systems, and technology; the potential loss of key employees of an acquired business; additional demands on the Company's management, resources, systems, procedures and controls; disruption of the Company's ongoing business; and diversion of management's attention from other business concerns. Acquisitions, investments or other strategic collaborations or partnerships may involve significant commitments of financial and other resources of the Company. If these fail to perform as expected, or if the Company fails to enter into and execute the transactions or arrangements needed to succeed, the Company may not be able to bring its products, services or technologies to market successfully or in a timely manner, which would have a material adverse impact on results of operations.

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

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

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

The Company's platform depends on interoperability with operating systems, such as those provided by Apple, Google and Microsoft, as well as device manufacturers and automotive OEMs. Mobile operating systems are upgraded frequently in response to consumer demand and, in order to maintain the interoperability of its platform, the Company may need to release new software updates at a much greater pace than a traditional enterprise software company that supports only a single platform. In addition, the Company typically receives limited advance notice of changes in features and functionality of operating systems and mobile devices, and therefore the Company may be forced to divert resources from its preexisting product roadmap to accommodate these changes.

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

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

The Company may not be able to generate revenue and profitability through the licensing of security software and services or the BlackBerry brand to device manufacturers.

Although the Company is focused on enterprise software and services, the BlackBerry brand has historically been strongly associated with devices and the Company has partnered with handset manufacturers for the development, distribution and marketing of BlackBerry-branded smartphones. The future success of the Company's handheld devices business is primarily dependent on the successful commercialization of devices featuring licensed BlackBerry mobile security software and services. The Company's results of operations could be adversely affected if such devices, including BlackBerry-branded devices, do not achieve broad market acceptance. In addition, any failure by a licensee to act consistently with the Company's compliance, security or quality standards, including by introducing security vulnerabilities into BlackBerry-branded devices, may erode the value of the BlackBerry brand, impair the Company's relationship with current and potential customers, and adversely affect the Company's ability to sell software products and services that are commercially viable.

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, and the Company's ability to police such misappropriation or infringement is uncertain. 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 honoured;
- 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 is also monetizing its patent portfolio through outbound patent 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.

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.

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

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

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

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

- adversely affect the Company's relationships with its customers;
- be time-consuming and expensive to evaluate and defend, including in litigation or other proceedings;
- result in negative publicity for the Company;
- divert management's attention and resources;
- cause product delays or stoppages;
- subject the Company to significant liabilities;
- require the Company to develop possible workaround solutions that may be costly and disruptive to implement; and
- require the Company to cease certain activities or to cease selling its products and services in certain markets.

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

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

Litigation against the Company may result in adverse outcomes.

In the course of its business, the Company receives general commercial claims related to the conduct of its business and the performance of its products and services, including product liability and warranty claims, employment claims and other litigation claims, which may potentially include claims relating to improper use of, or access to, personal data. In the case of product liability claims, 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.

In addition, the Company is subject to potential litigation claims arising from its disclosure practices. The Company is committed to providing a high level of disclosure and transparency and provides commentary that highlights the trends and uncertainties that the Company anticipates. Given the highly competitive and rapidly evolving industry in which the Company operates and the recent transition in the Company's business strategy, 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. Despite the Company's cautions in each earnings release, earnings conference call and securities filings that contain forward-looking statements, the Company may nevertheless be subject to potential securities litigation or enforcement actions.

Litigation resulting from these claims could be costly and time-consuming and could divert the attention of management and key personnel from the Company's business operations. The complexity of the technology involved and the inherent uncertainty of commercial, class action, securities, employment and other litigation increases these risks. In recognition of these considerations, the Company may enter into settlements resulting in material expenditures, the payment of which could have a material adverse effect on the Company's business, results of operation and financial condition. If the Company is unsuccessful in its defense of material litigation claims or is unable to settle the 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 also "Legal Proceedings" in this AIF.

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.

This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, such as the European Union's General Data Protection Regulation, that is 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 in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying international requirements could cause the Company to incur additional costs and change the Company's business practices. In addition, because the Company's services are accessible worldwide, certain foreign jurisdictions may claim that the Company is required to comply with their laws, even where the Company has no local entity, employees, or infrastructure. Non-compliance could result in penalties or significant legal liability and the Company's business, results of operations and financial condition may be adversely affected.

The Company's customers, partners and members of its ecosystem may also have differing expectations or impose particular requirements for the collection, storage, processing and transmittal of user data or personal information in connection with BlackBerry products and services. Such expectations or requirements could subject the Company to additional costs, liabilities or negative publicity, and limit its future growth. In addition, governmental authorities may use the Company's products to access certain personal data of individuals without the Company's involvement, for example, through so-called lawful intercept capability of network infrastructure. Even a perception that the Company's products or practices do not adequately protect users' privacy or data collected by the Company, made available to the Company or stored in or through the Company's products, or that they are being used by third parties to access personal or consumer data, could impair the Company's sales or its reputation and brand value.

The Company may not be able to obtain rights to use third-party software.

Many of the Company's products include intellectual property which must be licensed from third parties. The termination of any of these licenses, or the failure of such third parties to adequately maintain, protect or update their software or intellectual

property rights, could delay the Company's ability to offer its products while the Company seeks to implement alternative technology offered by other sources (which may not be available on commercially reasonable terms) or develop such technology internally (which would require significant unplanned investment on the Company's part).

In addition, certain software that the Company uses may be subject to open source licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that the Company make available source code for modifications or derivative works created by the Company based upon the type of open source software used. If the Company combines its proprietary solutions with open source software in a certain manner, the Company could, under certain of the open source licenses, be required to release the source code of the Company's proprietary solutions to the public or offer the Company's 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 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 required to obtain licenses from third parties in order to continue offering its products and services, to re-engineer the Company's products or services, or to discontinue the sale of its products and services in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect the Company's business and operating results.

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

The Company's long-lived assets include items such as the Company's network infrastructure and certain intellectual property. As at February 28, 2018, the Company's long-lived assets had a carrying value of approximately $541 million. 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. As at February 28, 2018, the Company's goodwill had a carrying value of approximately $569 million. 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.

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 $605 million aggregate principal amount of 3.75% Debentures. The degree to which the Company is leveraged could have important consequences, including that:

- the Company's ability to obtain additional debt financing may be limited;
- a portion of the Company's cash flow from operations or other capital resources will be dedicated to the payment of the principal of, and/or interest on, indebtedness, thereby reducing funds available for working capital, capital expenditures, strategic initiatives or other business purposes; and
- the Company's earnings under U.S. GAAP may be negatively affected to the extent that any indebtedness, such as the 3.75% Debentures, are accounted for by the Company at fair value and include embedded derivatives which fluctuate in value from period to period.

If the Company does not have sufficient cash flow from operations, it could result in its inability 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 (including the 3.75% Debentures), 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.

The 3.75% Debentures are subject to restrictive and other covenants that may limit the discretion of the Company and its subsidiaries with respect to certain business matters. These covenants place restrictions upon, among other things, the

Company’s ability to incur additional indebtedness or provide guarantees in respect of obligations, create liens or other encumbrances, pay dividends, merge or consolidate with another entity and enter into any speculative hedging transaction. A breach of any of these covenants could result in a default under the Company’s outstanding indebtedness, which would have a material adverse effect on the Company’s business, results of operations and financial condition. In addition, certain of the Company’s competitors may operate on a less leveraged basis, or without such restrictive covenants, and therefore could have greater generating and financing flexibility than the Company.

There can be no assurance that the Company will be able to repay, restructure or refinance its indebtedness, including the 3.75% Debentures, as principal amounts become due, or that it will be able to do so on terms as favourable as those currently in place. If the Company is unable to refinance its indebtedness, or is only able to refinance indebtedness on less favourable terms, this may have a material adverse effect on the Company’s business, results of operations and financial condition.

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.

Some of the Company’s competitors do not have the same level of encryption in their technology and some competitors may be subject to less stringent controls on the export, import, and use of encryption technologies in certain markets. Also, several countries have adopted legislation authorizing the circumvention of encryption measures in limited circumstances. These legislative provisions could potentially be used by competitors to attempt to reverse engineer or find vulnerabilities in the Company’s products and services. As a result, these competitors may be able to compete more effectively than the Company can in those markets.

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

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

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

In addition, the Company is exposed to foreign exchange risk as a result of transactions in currencies other than its U.S. dollar functional currency. The majority of the Company’s revenue is denominated in U.S. dollars; however, some revenue, and a substantial portion of operating costs and capital expenditures are incurred in other currencies, primarily Canadian dollars, Euros and British Pounds. For more details, please refer to the discussion of foreign exchange and income taxes in the Company's MD&A for the fiscal year ended February 28, 2018.

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.

Errors in the Company's products and services can be difficult to detect and remedy and could have a material adverse effect on the Company's business.

The Company's products and services are highly complex and sophisticated and may contain design defects, bugs or security vulnerabilities that are difficult to detect and correct. Errors may be found in new products or services or improvements to existing products or services after delivery to the Company's customers. If these errors are discovered, the Company may not be able to successfully correct them in a timely manner or at all. The occurrence of defects, bugs or vulnerabilities in the Company's products or services could result in the delay or the denial of their market acceptance and may harm the Company's reputation, and correcting them could require significant expenditures by the Company. In addition, the failure of the Company's products or services to perform to end user expectations could give rise to product liability and warranty claims, including class action litigations, or to the withdrawal of certifications. The consequences of any such defects, bugs, vulnerabilities and claims could have a material adverse effect on the Company's business, results of operations and financial condition.

Failure of the Company's suppliers, subcontractors, third-party distributors 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.

The Company relies on third parties to manufacture and repair its hardware products.

Although the Company has focused its growth strategy on software and services, it continues to outsource the manufacturing and repair of hardware products to third parties. The resources devoted by these third parties to meet the Company's manufacturing and repair requirements are not within the Company's control and there can be no assurance that manufacturing or repair problems will not occur in the future.

The Company's reliance on outsourcing its manufacturing and repair requirements, directly and indirectly, to third parties may also involve the following risks:

- failure to satisfy the Company's requirements on a timely basis;
- reduced ability to ensure product quality and reliability, and to monitor and manage quality controls;
- reduced control over costs as third parties procure inventory to build or repair the Company's products;
- reduced control over the Company's intellectual property; and
- risk of bankruptcy or business interruption on the part of the manufacturer or repair partner.

If the Company's partners fail to meet the Company's manufacturing and repair requirements on a timely basis, it could have an adverse effect on the Company's cost or quality of finished goods and its results of operations.

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

The Company is subject to risks related to regulations regarding health and safety, hazardous materials usage and conflict minerals, and to product certification risks.

The Company must comply with a variety of laws, standards and other requirements governing, among other things, health and safety, hazardous materials usage, packaging and environmental matters, and its products must obtain regulatory approvals and satisfy other regulatory concerns in the various jurisdictions in which they are sold. The Company is also subject to Securities and Exchange Commission ("SEC") disclosure requirements applicable to issuers that have contracted to manufacture products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries. There can be no assurance that the direct or indirect costs of complying with such laws, standards and requirements will not adversely affect the Company's business, results of operations or financial condition. Any failure to comply with such laws, standards and requirements may subject the Company to regulatory or civil liability, fines or other additional costs, and reputational harm.

In addition to complying with regulatory requirements, the Company must obtain certain product approvals and certifications from governmental authorities, regulated enterprise customers and network carrier partners. Failure to maintain such approvals or certifications for the Company's current products or to obtain such approvals or certifications for any new products on a timely basis could have a material adverse effect on the Company's business, results of operations and financial condition.

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

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

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

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 or has been 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.

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, due in part to uncertainty relating to the Company's ability to realize the benefits of its ongoing strategic initiatives. 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) trading volume; or (viii) market rumours. In addition, dilutive share issuances (including in connection with the potential conversion of the 3.75% Debentures) 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 overall market and in the market price of the Company's securities may prompt securities class action litigation against the Company which, if not resolved swiftly, can result in substantial costs and a diversion of management's attention and resources. See also the Risk Factor entitled "Litigation against the Company may result in adverse outcomes" and the "Legal Proceedings" section in this AIF.

Adverse economic and geopolitical conditions may negatively affect the Company.

A slowdown in capital spending by end users of the Company's products and services, coupled with existing economic and geopolitical uncertainties globally and in the Company's target vertical markets, could substantially reduce the demand for the Company's products and services and adversely affect the Company's business, results of operations and financial condition.

Current and future conditions in the domestic and global economies remain uncertain, and it is difficult to estimate the level of economic activity for the economy as a whole. It is even more difficult to estimate growth in various parts of the economy, including the markets in which the Company participates. Because all components of the Company's budgeting and forecasting are dependent upon estimates of economic activity in the markets that the Company serves and demand for its products and services, economic uncertainties make it difficult to estimate future income and expenditures.

If economic or geopolitical uncertainties cause customers to reduce their IT budgets or to reduce or cancel orders for the Company's products and services, the Company's business, results of operations and financial condition may be adversely affected.

In addition, acts of terrorism and the outbreak of hostilities and armed conflicts within or between countries have created and may continue to create uncertainties that may affect the global economy and could have a material adverse effect on the Company's business, results of operations and financial condition.

DIVIDEND POLICY AND RECORD

The Company has not paid any cash dividends on its common shares during the last three fiscal years. The Company will consider paying dividends on its common shares in the future when circumstances permit, having regard to, among other things, the Company's earnings, cash flows and financial requirements, as well as relevant legal and business considerations.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of voting common shares without par value, an unlimited number of non-voting, redeemable, retractable class A common shares without par value, and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares without par value, issuable in series. Only common shares are issued and outstanding.

Common Shares

Each common share is entitled to one vote at meetings of the shareholders and to receive dividends if, as and when declared by the Board. Dividends which the Board determines to declare and pay shall be declared and paid in equal amounts per share on the common shares and class A common shares at the time outstanding without preference or distinction. Subject to the rights of holders of shares of any class of share ranking prior to the common shares and class A common shares, holders of common shares and class A common shares are entitled to receive the Company's remaining assets ratably on a per share basis without preference or distinction in the event that it is liquidated, dissolved or wound-up.

Class A Common Shares

The holders of class A common shares are not entitled to receive notice of, or attend or vote at, any meeting of the Company's shareholders, except as provided by applicable law. Each such holder is entitled to receive notice of, and to attend, any meetings of shareholders called for the purpose of authorizing the dissolution or the sale, lease or exchange of all or substantially all of the Company's property other than in the ordinary course of business and, at any such meeting, shall be entitled to one vote in respect of each class A common share on any resolution to approve such dissolution, sale, lease or exchange. Dividends are to be declared and paid in equal amounts per share on all the common shares and the class A common shares without preference or distinction. Subject to the rights of holders of any class of share ranking prior to the common shares and class A common shares, in the event that the Company is liquidated, dissolved or wound-up, holders of common shares and class A common shares are entitled to receive the remaining assets ratably on a per share basis without preference or distinction.

The Company authorized for issuance the class A common shares when the Company was a private company to permit employees to participate in equity ownership. Class A common shares previously issued by the Company to such employees were converted on a one-for-one basis into common shares in December 1996. At this time, the Company has no plans to issue further class A common shares.

Preferred Shares

The holders of preferred shares are not entitled to receive notice of, or to attend or vote at, any meeting of the Company's shareholders, except as provided by applicable law. Preferred shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the common shares and the class A common shares. The Board has the authority to issue series of preferred shares and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, of each series without any further vote or action by shareholders. The holders of preferred shares do not have pre-emptive rights to subscribe to any issue of the Company's securities. At this time there are no preferred shares outstanding and the Company has no plans to issue any preferred shares.

Convertible Debentures

Debenture Refinancing

In fiscal 2014, the Company issued $1.25 billion of 6% Debentures in a private placement. The Company had an option to redeem the 6% Debentures after November 13, 2016 at specified redemption prices in specified periods. On August 26, 2016, the Company announced that, with the approval of the holders of the 6% Debentures, the indenture governing the 6% Debentures had been amended to permit optional redemption by the Company prior to November 13, 2016. On September 2, 2016, the Company redeemed all of the outstanding 6% Debentures for an aggregate redemption amount of approximately $1.33 billion.

On September 7, 2016, the Company issued the 3.75% Debentures in an aggregate principal amount of $605 million, which replaced the 6% Debentures in part. The following is a summary of the material attributes and characteristics of the 3.75% Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Indenture (as defined below). Reference is made to the Indenture, which contains the complete description of the 3.75% Debentures, and which has been filed on SEDAR at www.sedar.com and with the SEC at www.sec.gov.

General

The 3.75% Debentures are direct, unsecured debt obligations of the Company and are issued under an indenture (the "Indenture") dated as of September 7, 2016 between the Company, as issuer, BlackBerry Corporation, BlackBerry UK Limited, BlackBerry Singapore Pte. Limited, Good Technology Corporation and QNX Software Systems Limited as guarantors (collectively, the "Guarantors") and BNY Trust Company of Canada, as trustee (the "Trustee"). The 3.75% Debentures are limited in the aggregate principal amount of $605,000,000.

The 3.75% Debentures have a maturity date of November 13, 2020 (the "Maturity Date"), subject to the prior conversion or payment thereof as provided by the Indenture.

Each of the Guarantors has separately guaranteed the payment of principal, premium (if any) and interest and other amounts due under the 3.75% Debentures, and the performance of all other obligations of the Company under the Indenture (the "Guarantees"). Other significant subsidiaries of the Company may be required to provide such Guarantees where they satisfy certain financial tests.

Interest

The 3.75% Debentures bear interest at a rate of 3.75% per annum, payable in equal quarterly instalments in arrears on the first day of March, June, September and December of each year. If an Event of Default (as defined below) has occurred and is continuing, the 3.75% Debentures will bear interest at a rate of 7.75% per annum during the period of the default.

Subordination

The 3.75% Debentures rank *pari passu* with one another, in accordance with their tenor without discrimination, preference or priority and, subject to statutory preferred exceptions, shall rank equally with all other present and future unsubordinated unsecured Indebtedness (as defined below) of the Company, other than the Specified Senior Indebtedness (as defined below) of the Company and the Guarantors. No payments shall be made on account of the 3.75% Debentures during any default of payment when due of any principal, interest or other amount owing with respect to Specified Senior Indebtedness, unless such Specified Senior Indebtedness shall first have been paid in full or provided for. The Trustee, on behalf of the holders of 3.75% Debentures (the "Holders"), may from time to time enter into subordination agreements with Senior Creditors (as defined below) to reflect the relative priorities of the Holders and such Senior Creditors.

Conversion Privilege

Each Holder shall have the right at its option to convert each $1,000 principal amount of its 3.75% Debentures into common shares at any time prior to the third business day prior to the Maturity Date. Common shares will be issued based on an initial conversion price of $10.00 principal amount of 3.75% Debentures per share (the "Conversion Price"), subject to adjustment in certain circumstances.

No Redemption

The 3.75% Debentures are not redeemable at the option of the Company prior to the Maturity Date.

Change of Control

If a change of control of the Company occurs involving: (i) the acquisition by any person or groups of persons acting jointly or in concert, directly or indirectly, in a single transaction or a series of related transactions, of voting control or direction over more than 35% of the then-outstanding common shares; (ii) the acquisition by any person (other than the Company or any of the Guarantors) or one or more members of a group of persons acting jointly or in concert (other than a group consisting solely of two or more of the Company and any of the Guarantors), directly or indirectly, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole; or (iii) the completion of a merger, amalgamation, arrangement or similar transaction which results in holders of the Company's common shares immediately prior to the completion of the transaction holding less than 50% of the then outstanding common shares of the resulting entity after the completion of the transaction (a "Change of Control"), the Company is required to make an offer (a "Repayment Offer") to purchase all or, at the option of the Holders, a portion (in integral multiples of $1,000) of the principal amount of the 3.75% Debentures held by such Holders, at a price equal to 115% of the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the Change of Control Repurchase Date (as defined in the Indenture) (the "Change of Control Repurchase Price"). The Company is not required to make that Repayment Offer to Fairfax Financial Holdings Limited ("Fairfax") or its affiliates, or any of their joint actors, if they caused such a Change of Control. Any 3.75% Debentures so repurchased will be cancelled and may not be reissued or resold.

Certain Covenants

The Company is bound by certain covenants under the Indenture. Positive covenants include: (i) payment of the Trustee's remuneration; (ii) maintenance of corporate existence and books of account; and (iii) payment of principal, premium (if any) and interest on the 3.75% Debentures when due and payable. Reporting covenants include: (i) provision of an annual compliance certificate regarding compliance with the terms of the Indenture and confirming that no Events of Default have occurred under the Indenture; (ii) provision of notice of an Event of Default or any event which, with the passing of time or giving of notice, would constitute an Event of Default; and (iii) provision of public disclosure documents to the Trustee or Holders in certain circumstances. Subject to customary exceptions, negative covenants include: (i) no liens on assets of the Company or its subsidiaries, except Permitted Liens (as defined in the Indenture, which include customary liens arising by operation of law, liens securing Specified Senior Indebtedness, Purchase Money Security Interests (as defined below) securing permitted Indebtedness, liens on real property incurred in connection with a sale and leaseback of permitted Indebtedness, and any other lien not prohibited by the Company's asset-backed lending facility (now terminated), subject to compliance with restrictions on incurring Indebtedness); (ii) a limitation on amalgamations and mergers except in compliance with customary successor entity provisions; and (iii) a limitation on dividends, dividend increases and speculative hedging transactions.

The Company and its subsidiaries are restricted, without consent of Holders of 66-2/3% of the outstanding 3.75% Debentures, from incurring any indebtedness or permitting any indebtedness to be outstanding, other than:

(a) the 3.75% Debentures and the Guarantees;
(b) Specified Senior Indebtedness in an aggregate principal amount at any one time outstanding not to exceed $550,000,000;
(c) Indebtedness in an aggregate principal amount at any one time outstanding not to exceed $450,000,000, comprised of:
    (i) Indebtedness secured by a Purchase Money Security Interest including Capital Leases (as defined below);
    (ii) Indebtedness incurred in connection with a sale and leaseback of real property;
    (iii) Indebtedness incurred under a securitization or factoring of receivables;
    (iv) Indebtedness of any subsidiary acquired by the Company or its subsidiaries that existed prior to such acquisition and not incurred in contemplation of such acquisition;
    (v) Indebtedness incurred to finance insurance premiums;
    (vi) other Indebtedness (other than Specified Senior Indebtedness) provided that such Indebtedness shall be unsecured; or
    (vii) Indebtedness incurred to refinance any Indebtedness referred to in clauses (i) through (iv) above.

Events of Default

The Indenture provides for such events of default as are customary for indebtedness of this type (each, an "Event of Default") including: (i) a default in payment of any principal amount, purchase price or any Change of Control Repurchase Price when due; (ii) a default in payment of interest on any 3.75% Debentures when due and the continuance of such default for 10 days; (iii) a default in maintaining the Company's reporting issuer status or the listing of the common shares, or in providing an opinion in respect of new Guarantors, and the continuance of such default for five business days; (iv) a default in the delivery of common shares or cash due upon conversion of 3.75% Debentures, and the continuance of such default for three business days; (v) a default by the Company or any Guarantor in performing or observing any of the other covenants, agreements or material obligations of the Company or the Guarantor under the Indenture, and the continuance of such default for 30 days after written notice to the Company by the Trustee or by the Holders of not less than 25% in principal amount of outstanding 3.75% Debentures requiring the same to be remedied; (vi) the failure to make a Repayment Offer following the occurrence of a Change of Control; (vii) certain events of bankruptcy or insolvency with respect to the Company or any Guarantor; (viii) any of the Guarantees being held in any judicial proceeding to be unenforceable or invalid or ceasing for any reason to be in full force and effect or any Guarantor, or any person acting on behalf of a Guarantor, denying or disaffirming its obligations under its Guarantee; (ix) (A) if the Company or any Guarantor is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount on any Indebtedness that is outstanding in an aggregate principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (B) if the Company or any Guarantor is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and in each case as a consequence of such default or condition such Indebtedness has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment, or (C) as a consequence of the occurrence or continuation of any event or condition (other than (a) the passage of time or (b) the right of the holder of Indebtedness to convert such Indebtedness into equity interests or (c) any mandatory prepayment provisions in an agreement governing Indebtedness unless such provisions also require the permanent prepayment of all Indebtedness then outstanding and, if applicable, the permanent cancellation of all other amounts available to be borrowed under such agreement), the Company or any Guarantor has become obligated to purchase or repay Indebtedness (including any Specified Senior Indebtedness but excluding the 3.75% Debentures) before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of more than $50,000,000 (or its equivalent in the relevant currency of payment); and (x) if the Company or any of its subsidiaries fails to pay final judgments aggregating in excess of an amount greater than $50,000,000 in cash (net of any amounts for which an insurance company is liable) rendered against the Company or any of its subsidiaries by a court of competent jurisdiction, which judgments are not paid, discharged or stayed for a period of 30 days after such judgments become final and non-appealable.

If an Event of Default has occurred and is continuing (other than an Event of Default due to an event of bankruptcy or insolvency), the Trustee may, in its discretion, and shall, at the written request of Holders of not less than 25% of the aggregate principal amount of the 3.75% Debentures then outstanding, declare the principal of (and premium, if any), together with accrued interest on all outstanding 3.75% Debentures to be immediately due and payable. If an Event of Default due to an event of bankruptcy or insolvency occurs, the principal of (and premium, if any), together with accrued interest on all outstanding 3.75% Debentures will immediately become due and payable without any action on the part of the Trustee or any Holders of 3.75% Debentures. The Holders of more than 66-2/3% of the principal amount of outstanding 3.75% Debentures may, on behalf of the Holders of all outstanding 3.75% Debentures, waive an Event of Default in the manner set forth below under "Modification or Waiver".

Modification or Waiver

The rights of the Holders may be modified or waived in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make binding on all Holders resolutions passed at meetings of the Holders (which may be called by the Company or the Trustee upon not less than 21 days' notice) by votes cast thereat by Holders of not less than 66-2/3% including waivers for certain events of default, or in the case of Extraordinary Resolutions (as defined in the Indenture) and waivers of certain defaults in payment or delivery of shares not less than 85%, of the aggregate principal amount of the 3.75% Debentures present at the meeting or represented by proxy, provided that a quorum for all meetings of Holders of 3.75% Debentures will be at least 25% of the aggregate principal amount of outstanding 3.75% Debentures represented in person or by proxy, or rendered by instruments in writing signed by the Holders of not less than 66-2/3%, or in the case of Extraordinary Resolutions not less than 85%, of the aggregate principal amount of the 3.75% Debentures then outstanding. In addition, without the approval of Holders by Extraordinary Resolution, the Indenture may not be amended to: (i) alter the manner of calculation of or rate of accrual of interest on the 3.75% Debentures or change the time of payment; (ii) make the 3.75% Debentures convertible into securities other than common shares; (iii) change the Maturity Date or any instalment of interest on the 3.75% Debentures; (iv) reduce the principal amount or Change of Control Repurchase Price with respect to the 3.75% Debentures; (v) make any change that adversely affects the rights of Holders to require the

Company to purchase the 3.75% Debentures at the option of Holders; (vi) impair the right to institute suit for the enforcement of payments or the conversion of the 3.75% Debentures; (vii) change the currency of payment of principal of, or interest on, the 3.75% Debentures; (viii) except as contemplated by the Indenture, change the Conversion Price or otherwise adversely affect the Holders' conversion rights; (ix) release any of the Guarantors from any of their obligations under a Guarantee provided for in the Indenture, except in accordance with the Indenture; or (x) change the provisions in the Indenture that relate to modifying or amending the Indenture.

Defined Terms

In the foregoing summary, the following terms have the meanings set forth below:

"**Capital Lease**" means, with respect to any Person (as defined in the Indenture), any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with U.S. GAAP (as in effect on the date of the Indenture), is required to be classified and accounted for as a capital lease on a balance sheet of such Person;

"**Indebtedness**" means, with respect to a person, and without duplication:

(a) indebtedness of such person for monies borrowed or raised, including any indebtedness represented by a note, bond, debenture or other similar instrument of such person;
(b) reimbursement obligations of such person arising from bankers' acceptance, letters of credit or letters of guarantee or similar instruments;
(c) indebtedness of such person for the deferred purchase price of property or services, other than for consumable non-capital goods and services purchased in the ordinary course of business, including arising under any conditional sale or title retention agreement, but excluding for greater certainty ordinary course accounts payable;
(d) obligations of such person under or in respect of Capital Leases, synthetic leases, Purchase Money Security Interests or sale and leaseback transactions;
(e) the aggregate amount at which shares in the capital of such person that are redeemable at fixed dates or intervals or at the option of the holder thereof may be redeemed; and
(f) guarantees or liens granted by such person in respect of Indebtedness of another person;

"**Purchase Money Security Interest**" means a lien created or incurred by the Company or one of its subsidiaries securing Indebtedness incurred to finance the acquisition of property (including the cost of installation thereof), provided that (i) such lien is created substantially simultaneously with the acquisition of such property, (ii) such lien does not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased subsequent to such acquisition, and (iv) the principal amount of Indebtedness secured by any such lien at no time exceeds 100% of the original purchase price of such property and the cost of installation thereof, and for the purposes of this definition the term "acquisition" includes a Capital Lease;

"**Senior Creditor**" means a holder or holders of Specified Senior Indebtedness and includes any representative or representatives or trustee or trustees of any such holder or holders; and

"**Specified Senior Indebtedness**" means, without duplication, such Indebtedness as the Company shall designate as "Specified Senior Indebtedness" by notice to the Trustee in writing; provided that the aggregate principal amount of Specified Senior Indebtedness shall not exceed $550,000,000 at any one time outstanding; provided, further, that all Specified Senior Indebtedness must constitute:

(a) Indebtedness referred to in paragraphs (a) and (b) of the definition of Indebtedness above;
(b) renewals, extensions, restructurings, refinancings and refundings of any such Indebtedness; and
(c) guarantees of any of the foregoing.

MARKET FOR SECURITIES OF THE COMPANY

The Company's common shares are listed and posted for trading on the TSX and the NYSE under the symbol "BB". On October 16, 2017, the Company transferred the listing of its common shares in the United States from the NASDAQ Global Select Market ("NASDAQ") to the NYSE. The volume of trading and price ranges of the Company's common shares on the TSX and on NASDAQ and the NYSE during the previous fiscal year are set out in the following table:

	Common Shares – TSX		Common Shares – NASDAQ/NYSE	
Month	**Price Range (CDN $)**	**Average Daily Volume**	**Price Range (US $)**	**Average Daily Volume**
March 2017	$8.98-$10.75	1,190,441	$6.65-$8.08	5,935,532
April 2017	$10.02-$12.78	2,061,412	$7.51-$9.37	11,539,649
May 2017	$12.62-$15.54	1,868,861	$9.19-$11.55	7,637,998
June 2017	$12.60-$15.82	3,323,383	$9.52-$11.74	12,207,036
July 2017	$11.67-$13.08	1,370,299	$9.37-$10.38	4,008,713
August 2017	$10.66-$12.06	1,092,325	$8.47-$9.60	3,491,886
September 2017	$10.94-$14.14	2,216,419	$8.89-$11.34	8,909,184
October 2017	$13.63-$14.71	1,682,186	$10.64-$11.78	5,429,629
November 2017	$12.86-$14.24	1,109,409	$10.06-$11.12	2,689,684
December 2017	$12.93-$15.87	2,008,283	$10.13-$12.36	5,707,957
January 2018	$14.10-$18.14	3,195,606	$11.25-$14.55	9,232,629
February 2018	$14.03-$16.08	2,391,002	$11.11-$12.99	5,083,911

In addition, the 6% Debentures were listed on the TSX from May 2014 until their redemption on September 2, 2016 under the symbol "BB.DB.U". There was limited trading in the 6% Debentures. During fiscal 2017, an aggregate of $30,549,138 principal amount of 6% Debentures was traded on only 23 days on the TSX, at prices ranging from $103.50 to $115.00 per $100 principal amount.

The 3.75% Debentures have been listed on the TSX since January 2017, under the symbol "BB.DB.V". There is limited trading in the 3.75% Debentures. During fiscal 2018, an aggregate of $22,003,000 principal amount of 3.75% Debentures was traded on only eight days on the TSX, at prices ranging from $101.00 to $149.00 per $100 principal amount.

NORMAL COURSE ISSUER BID

On June 23, 2017, the Company announced that it had received acceptance from the TSX with respect to a normal course issuer bid ("NCIB") to repurchase up to 31 million common shares of the Company, representing approximately 6.4% of the public float of common shares outstanding as of May 31, 2017. The purpose of the NCIB is to offset a portion of the expected dilution from the Company's equity incentive plan and from the conversion of the 3.75% Debentures. The Company also announced that it had entered into an automatic purchase plan with its designated broker. The NCIB will terminate on June 26, 2018 or on such earlier date as the Company may complete its purchases under the NCIB.

During the year ended February 28, 2018, the Company repurchased approximately 2 million common shares at a cost of approximately $18 million. All common shares repurchased by the Company pursuant to the NCIB have been canceled.

The actual number of shares to be purchased and the timing and pricing of any additional purchases under the NCIB will depend on future market conditions and upon potential alternative uses for cash resources. There is no assurance that any additional shares will be purchased under the NCIB and the Company may elect to modify, suspend or discontinue the program at any time without prior notice.

DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, the Company currently has a Board comprised of eight persons. Pursuant to a special resolution of shareholders, the directors are authorized from time to time to increase the size of the Board and to fix the number of directors, up to the maximum of 15 persons, as currently provided under the articles of the Company, without the prior consent of the shareholders.

The Board has determined that each member of the Board except Mr. Chen is “independent” under the NYSE rules and applicable securities law requirements.

The Company made two executive officer appointments during fiscal 2018, naming Steven Capelli as Chief Operating Officer and naming Mark Wilson as Chief Marketing Officer.

The following table sets forth the name, province or state, and country of residence of each director and executive officer of the Company and their respective positions and offices held with the Company and their principal occupations during the last five years. Each director is elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed.

Name and Residence	Current Position with Company	Principal Occupation During the Last Five Years (other than Current Position with Company)
John S. Chen California, USA	Chief Executive Officer; Executive Chair/Director (since 2013)	
Michael Daniels(1) Virginia, USA	Director (since 2014)	Chairman, Logistics Management Institute (2011 to present); Chairman, TwoSix Labs, Inc. (2017 to present); Chairman, Invincea (2011 to 2017); and Chairman, Globallogic (2007 to 2013)
Timothy Dattels(2) California, USA	Director (since 2012)	Senior Partner, TPG Capital (current)
Richard Lynch(1) Pennsylvania, USA	Director (since 2013)	President, FB Associates, LLC (current)
Laurie Smaldone Alsup(2) New Jersey, USA	Director (since 2015)	Chief Operating Officer and Chief Scientific Officer, NDA Group (2016 to present); President and Chief Scientific Officer, PharmApprove (2011 to 2016)
Barbara Stymiest, FCPA, FCA(1)(2) Ontario, Canada	Director (since 2007)	Corporate Director (current)
V. Prem Watsa(1) Ontario, Canada	Lead Director (since 2013)(3)	Chief Executive Officer, Fairfax (current)
Wayne Wouters(2) Ontario, Canada	Director (since 2015)	Strategic and Policy Advisor, McCarthy Tétrault LLP (2015 to present); Clerk of the Privy Council of Canada (2009 to 2014)
Steven Capelli California, USA	Chief Financial Officer & Chief Operating Officer	Corporate Director (2013 to 2016)
Sandeep Chennakeshu Texas, USA	President, BlackBerry Technology Solutions	President, PMP LLC (2012 to 2014); Owner, RSI Consulting LLC (2013 to 2014)
Sai Yuen (Billy) Ho California, USA	Executive Vice President, Enterprise Products and Value Added Solutions	
Nita White-Ivy California, USA	Executive Vice President, Human Resources	Chief People Officer, SuccessFactors (2012 to 2013)
Carl Wiese Texas, USA	President, Global Sales	Senior Vice President, Global Collaboration Sales, Cisco Systems (2009 to 2015)

Mark Wilson California, USA	Chief Marketing Officer	Senior Vice President, Marketing, BlackBerry Limited (2014 to 2017); Chief Marketing Officer, Avaya (2012 - 2014)
Steve Zipperstein California, USA	Chief Legal Officer & Corporate Secretary	

Notes:

1 Member of the Compensation, Nomination and Governance Committee (Chair - V. Prem Watsa).
2 Member of the Audit and Risk Management Committee (Chair - Barbara Stymiest).
3 Mr. Watsa first joined the Company as a director in January 2012, but then resigned on August 13, 2013 in connection with the formation of the Special Committee to explore strategic alternatives and rejoined the Company as a director in November 2013.

The Board has two active standing committees: an Audit and Risk Management Committee and a Compensation, Nomination and Governance Committee, the members of which are noted above.

As at February 28, 2018, the above directors and executive officers of the Company beneficially owned, or controlled or directed, directly or indirectly, 4,934,529 common shares of the Company representing approximately 0.92% of the issued and outstanding common shares of the Company. In addition, as of such date, Fairfax and certain of its wholly-owned or controlled subsidiaries beneficially owned approximately 46,724,700 common shares of the Company (the "Fairfax Shares") representing approximately 8.71% of the issued and outstanding common shares of the Company, or 96,724,700 common shares of the Company representing approximately 16.49% of the issued and outstanding common shares of the Company assuming conversion of all of its 3.75% Debentures and after giving effect to the conversion. Mr. Watsa, a director of the Company, is the Chairman and Chief Executive Officer of Fairfax and may be deemed under applicable U.S. securities laws to beneficially own the Fairfax Shares by virtue of his position at Fairfax.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or executive officers is, as at the date of this AIF, or was within 10 years before the date of the AIF, a director or chief executive officer or chief financial officer of any company (including the Company) that:

a) was subject to an order (as defined in National Instrument 51-102F2 of the Canadian Securities Administrators) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer.

Other than as set out below, none of the directors, executive officers or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company,

a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On July 17, 2009, Luna Innovations Inc. ("Luna") filed a voluntary petition for relief to reorganize under Chapter 11 of the United States Bankruptcy Code, including a proposed plan of reorganization with the United States Bankruptcy Court for the Western District of Virginia (the "Bankruptcy Court"). On January 12, 2010, the Bankruptcy Court approved the plan and Luna emerged from bankruptcy on that date. Mr. Daniels was a member of the board of Luna from June 2007 until his resignation on July 16, 2009.

On May 27, 2011, Phytomedics, Inc. ("Phytomedics") filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey. Dr. Smaldone Alsup was Chief

Executive Officer, President and a member of the board of directors of Phytomedics from April 2008 until the date of the bankruptcy filing when a trustee was appointed.

On November 21, 2013, TranSwitch Corporation ("TranSwitch") filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Connecticut. Mr. Lynch was a member of the board of directors of TranSwitch from November 2010 and the chairman of the board from July 2012, until termination of the board on the date of the bankruptcy filing when a trustee was appointed.

On December 28, 2015, Kalobios Pharmaceuticals, Inc. ("Kalobios") filed a voluntary petition for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Dr. Smaldone Alsup was a member of the board of directors of Kalobios from October 2013 until her resignation on November 19, 2015.

Conflicts of Interest

There is no existing or, to the Company's knowledge, potential material conflict of interest between the Company or a subsidiary of the Company and any director or officer of the Company or a subsidiary of the Company. See also "Interest of Management and Others in Material Transactions" in this AIF.

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 is included as Appendix A to this AIF.

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. Stymiest (Chair), Mr. Dattels, Dr. Smaldone Alsup and Mr. Wouters are the members of the Audit and Risk Management Committee, and each is an independent director of the Company and financially literate, based on his or her education and experience as described below. The Audit and Risk Management Committee has also developed, in conjunction with the Company's Chief Financial Officer and other accounting personnel and representatives of the Company's external auditors, 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:

Barbara Stymiest, FCPA, FCA (Chair) – Ms. Stymiest has an HBA from the Richard Ivey School of Business, University of Western Ontario and an FCA from the Chartered Professional Accountants of Ontario. From 2004 to 2011, Ms. Stymiest held various senior management positions in the Royal Bank of Canada and served as a member of the Group Executive responsible for the overall strategic direction of the Company. Prior to this, Ms. Stymiest held positions as Chief Executive Officer at TMX Group Inc., Executive Vice-President & CFO at BMO Capital Markets and Partner of Ernst & Young LLP. Ms. Stymiest is currently a Director of George Weston Limited, Sun Life Financial Inc., University Health Network and the Canadian Institute for Advanced Research.

Timothy Dattels – Mr. Dattels has an MBA from Harvard Business School and is a Senior Partner of TPG Capital. Prior to joining TPG, Mr. Dattels served as a partner and Managing Director of Goldman Sachs and was head of Investment Banking for all Asian countries other than Japan. Through these roles, Mr. Dattels has gained extensive experience with financial analysis, financial advisory, analytics for mergers and acquisitions, public valuations, and financial valuation.

Dr. Laurie Smaldone Alsup – Dr. Smaldone Alsup has an MD from Yale University, where she completed her residency in Internal Medicine and fellowship in Medical Oncology. She is Chief Operating Officer and Chief Scientific Officer of NDA Group AB (which recently merged with PharmApprove where Dr. Smaldone Alsup was President and Chief Scientific Officer), a leading drug development consulting company. She previously served in clinical and regulatory roles of increasing responsibility and scope while at

Bristol Myers Squibb, including Senior Vice President of Global Regulatory Science, where she also developed and led Business Risk Management for the company. In addition, she served as CEO of Phytomedics, an early stage biopharmaceutical company focused on arthritis and inflammation. Dr. Smaldone Alsup has extensive risk management and executive leadership experience.

The Hon. Wayne Wouters – Mr. Wouters has a BComm (Honours) from the University of Saskatchewan and an MA in economics from Queen's University. From 2009 to 2014, Mr. Wouters was the Clerk of the Privy Council of Canada and held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet and Head of the Public Service. Prior to his tenure as Clerk, Mr. Wouters was Secretary of the Treasury Board of Canada and served in deputy ministerial and other senior positions in the Canadian public service. He is currently Strategic and Policy Advisor to McCarthy Tétrault LLP and a director of Champion Iron Limited, and serves as a member of the Board of Trustees of United Way Worldwide. Mr. Wouters has extensive experience with economic policy and international trade matters, which included oversight of multi-billion dollar budgets on behalf of the Government of Canada.

The Board has also determined that Ms. Stymiest is an audit committee financial expert within the meaning of General Instruction B(8)(a) of Form 40-F 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.

As set out in the Audit and Risk Management Committee's charter, the committee is responsible for pre-approving all non-audit services to be provided to the Company by its independent external auditor. The Company's practice requires senior management to report to the Audit and Risk Management Committee any provision of services by the auditors and requires consideration as to whether the provision of the services other than audit services is compatible with maintaining the auditor's independence. All audit and audit-related services are pre-approved by the Audit and Risk Management Committee. On September 27, 2017, for administrative convenience, the Audit and Risk Management Committee delegated to the Chair of the committee limited authority to pre-approve non-audit services to be provided by the auditors.

Audit Fees

The aggregate fees billed by Ernst & Young LLP ("EY") chartered accountants, the Company's independent external auditor, for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY for the audit of the Company's annual financial statements or services that are normally provided by EY in connection with statutory and regulatory filings or engagements for such fiscal years were $4,273,803 (of which $1,926,094 related to prior fiscal years) and $2,891,007, respectively.

Audit-Related Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for assurance and related services rendered by EY that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above as "Audit Fees" were $33,598 and $18,071, respectively. The fees paid in this category relate to provision of assurance services related to certain contractual compliance clauses, as well as the Company's corporate social responsibility disclosures.

Tax Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY for tax compliance, tax advice, tax planning and other services were $6,265 and $69,363, respectively. Tax services provided included international tax compliance engagements.

All Other Fees

The aggregate fees billed by EY for the fiscal years ended February 28, 2018 and February 28, 2017, respectively, for professional services rendered by EY were $129,301 and $80,277, respectively.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three-year period ending February 28, 2018 and during the current fiscal year up to the date hereof, none of the Company's directors, executive officers, 10 percent shareholders or any of their associates or affiliates had a material interest, directly or indirectly, in any transaction that has materially affected or is reasonably expected to materially affect the Company, other than Mr. Watsa, the Chairman and Chief Executive Officer, and a significant shareholder, of Fairfax, which participated in the debenture financing in 2013 and continues to hold a significant proportion of the outstanding 3.75% Debentures. See "Description of Capital Structure - Convertible Debentures" in this AIF.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar in Canada is Computershare Investor Services Inc. of Canada at its offices in Toronto, Ontario. The co-transfer agent and registrar for the common shares in the United States is Computershare Trust Company, Inc. at its offices in Denver, Colorado.

MATERIAL CONTRACTS

Other than as noted below, the Company has not entered into any material contracts during fiscal 2018 and in prior years has not entered into any material contracts are still in effect that are required to be filed pursuant to NI 51-102 of the Canadian Securities Administrators:

- the Indenture providing for the issuance and conversion of the 3.75% Debentures, dated as of September 7, 2016, which has been filed on SEDAR, and the terms of which are summarized under "Description of Capital Structure - Convertible Debentures".

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, is the external auditor who prepared the Independent Auditors' Report to Shareholders in respect of the audited annual consolidated financial statements of the Company for the year ended February 28, 2018 and the Report to Shareholders of an Independent Registered Public Accounting Firm on the Company's internal controls over financial reporting. Ernst & Young LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and applicable securities laws.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com or on the SEC's website at www.sec.gov. Additional financial information is provided in the Company's audited consolidated financial statements and the Company's MD&A for the year ended February 28, 2018, which can be found at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of the securities of the Company and securities authorized for issuance under equity compensation plans, is contained in the Company's most recent management information circular.

APPENDIX A

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS OF BLACKBERRY LIMITED AS ADOPTED BY THE BOARD ON MARCH 27, 2018

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1. AUTHORITY

The Audit and Risk Management Committee (the "**Committee**") of the Board of Directors (the "**Board**") of BlackBerry Limited (the "**Corporation**") is established pursuant to Section 5.03 of the Corporation's Amended and Restated By-law No. A3 and Section 158 of the Ontario Business Corporations Act. The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. Consistent with the appointment of other Board committees, the members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board or at such other time as may be determined by the Board, and shall serve until the earlier of (i) the death of the member; or (ii) the resignation, disqualification or removal of the member from the Committee or from the Board. The Chair of the Committee shall be a member of the Committee designated by the Board, provided that if the Board does not so designate a Chair, the members of the Committee, by majority vote, may designate a Chair. The duties of the Chair are included in Annex A.

The presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present. Any decision or determination of the Committee reduced to writing and signed by all members of the Committee who would have been entitled to vote on such decision or determination at a meeting of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

2. PURPOSE OF THE COMMITTEE

The 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 functions of the Corporation and its subsidiaries as well as with respect to the oversight of enterprise risk management, including risk compliance, the internal audit function, and the controls, processes and policies used by management to effectively manage the Corporation's risks. It is the objective of the Committee to maintain free and open means of communication among the Board, the independent auditors and the financial and senior management of the Corporation.

3. COMPOSITION OF THE COMMITTEE

Each member of the Committee shall be an "independent" director within the meaning of Section 301 of the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the rules promulgated thereunder by the Securities and Exchange Commission (the "**SEC**"), the rules of the New York Stock Exchange ("**NYSE**") and National Instrument 52-110 "Audit Committees" of the securities regulators in Canada, and, as such, shall be free from any relationship that may interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall be financially literate at the time of their election to the Committee. "Financial literacy" shall be determined by the Board in the exercise of its business judgment, and shall include 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 the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation's financial statements. At least one member of the Committee shall be an "audit committee financial expert" with the meaning of Section 407 of Sarbanes-Oxley and the rules promulgated thereunder by the SEC. Members of the Committee may not serve, in the aggregate, on more than 3 audit committees of public companies, unless the Board has determined that such service will not impair the member's ability to serve on the Committee.

Committee members, if they or the Board deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm. At least annually, the Committee shall review its performance and the contribution of each of its members. This review will be completed on a confidential basis in conjunction with the annual Board performance review process.

4. MEETINGS OF THE COMMITTEE

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Chair or any member of the Committee may call meetings of the Committee by notifying the Corporate Secretary of the Corporation. Notice of meetings may be done through any efficient communication medium (i.e. email, facsimile, mail, etc.) provided the notification is capable of being received at least twenty-four (24) hours in advance of the meeting. Each member of the Committee shall be responsible for providing up-to-date contact information to the Corporate Secretary to ensure efficient and timely communication. All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

As part of its purpose to foster open communications, the Committee shall meet at least annually with management and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Committee will have unrestricted access to management and employees of the Corporation in order to carry out its duties and responsibilities. In addition, the Committee should meet or confer with the independent auditors and management to review the Corporation's financial statements, MD&A, annual and interim earnings press releases and related filings prior to their public release and filing with the Ontario Securities Commission ("**OSC**"), the SEC or any other regulatory body. The Chair should work with the Chief Financial Officer and management to establish the agendas for Committee meetings. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

Minutes of the Committee will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary, or his/her designate as approved by the Committee Chair, shall act as secretary for the meetings. For in camera sessions of the Committee without management present, minutes will be recorded and maintained by the Chair of the Committee or his/her designate. Each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether he or she is a member of the Committee, and the Chair shall report to the Board at its next meeting on the activities, findings and recommendations of the Committee following each meeting. Minutes relating to in camera sessions may be provided to Board members with the consent of the Chair.

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee is responsible for the oversight of the Corporation's accounting, financial reporting and risk management processes, including (i) the Corporation's internal controls, and the nomination and appointment (subject to Board and shareholder approval), compensation, retention, evaluation and oversight of the work of the Corporation's independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, (ii) the oversight of enterprise risk management activities and (iii) oversight of the Corporation's internal audit function as more particularly detailed below. The independent auditors and the leader of the internal audit function or his/her designee must report and otherwise communicate directly to the Committee and are accountable to the Committee. The Committee's oversight responsibilities include the authority to approve all audit engagement fees and terms, as well as all permitted non-audit engagements and resolution of disagreements between management and the independent auditors regarding financial reporting as well as oversight of the annual internal audit plan. The Committee shall take such actions as it may deem necessary to satisfy itself that the Corporation's auditors are independent of management within the meaning of applicable law.

While there is no "blueprint" to be followed by the Committee in carrying out its duties and responsibilities, the following should be considered within the authority of the Committee:

Selection and Evaluation of External Auditors

(1) Make recommendations to the Board as to the selection of the firm of independent public accountants to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year;

(2) Review and approve the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein;

(3) Review the performance of the Corporation's independent auditors, including the lead partner, discuss the timing and process for implementing the rotation of the lead partner, and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant;

(4) Oversee the independence of the Corporation's independent auditors by, among other things:

(i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation;

(ii) reviewing and approving hiring policies concerning partners, employees and former partners and employees of the present and former independent auditors; and

(iii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence;

(5) Instruct the Corporation's independent auditors that:

(i) they are ultimately accountable to the Committee;

(ii) they must report directly to the Committee; and

(iii) the Committee is responsible for the appointment (subject to Board and shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors;

(6) Review and pre-approve all audit and permitted non-audit services to be provided by the independent auditors to the Corporation, including tax services;

Oversight of Annual Audit and Quarterly Reviews

(1) Review and accept, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope of audit activities, and monitor such plan's progress and results during the year;

(2) Confirm through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions are being placed on the scope of the independent auditors' work;

(3) Review the results of the year-end audit of the Corporation, including (as applicable):

(i) the audit reports on the Corporation's financial statements and management's assessment of internal control over financial reporting, the published financial statements, the management representation letter, the "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum;

(ii) the qualitative judgments of the independent auditors about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates;

(iii) the selection and application of the Corporation's critical accounting policies;

(iv) the methods used to account for significant unusual transactions;

(v) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

(vi) management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;

(vii) significant recorded and unrecorded audit adjustments;

(viii) any material accounting issues among management, the internal audit function and the independent auditors; and

(ix) other matters required to be communicated to the Committee under applicable auditing standards by the independent auditors;

(4) Review the Corporation's quarterly earnings press releases before they are disclosed to the public;

(5) Review the Corporation's interim financial statements and report thereon to the Board before they are approved by the Board and disclosed to the public;

(6) Review with management and the Corporation's independent auditors such accounting policies (and changes therein) of the Corporation, including any financial reporting issues which could have a material impact on the Corporation's financial statements, as are deemed appropriate for review by the Committee prior to any year-end or quarterly filings with the SEC, the OSC or other regulatory body;

Oversight of Risk Management

(1) Require the members of the Corporation's senior leadership team to identify and provide the Committee with a portfolio view of the major areas of risk facing the Corporation and management's strategies to manage those risks;

(2) At least annually, review management's risk appetite and evaluate the extent to which the Corporation's risk profile and business planning are aligned with the risk appetite;

(3) At least annually, review in light of the risk appetite, the Corporation's enterprise risk management processes, including key policies and procedures for the effective identification, assessment, reporting, monitoring and control of the Corporation's principal risks and the Corporation's compliance with such policies and procedures;

(4) Require, at least quarterly, management to update the Committee on any material or noteworthy changes relating to (1)-

(3), immediately above, and the activities of the Corporation's Risk Management Council;

(5) Consult periodically with the Compensation, Nomination and Governance Committee on risk management matters within its purview;

(6) Encourage an open and constructive risk dialogue between the Board and management on areas relating to risk management, and seek assurances from management on the effectiveness of risk management practices and controls;

(7) Consider emerging industry and regulatory risk management issues and the possible impact on the Corporation;

Oversight of the Internal Audit Function and Quarterly Reviews

(1) Review the Committee's level of involvement and interaction with the Corporation's internal audit function, including the Committee's line of authority over the internal audit function;

(2) Review and advise on the appointment, replacement, reassignment, or dismissal of the leader of the internal audit function;

(3) Review and approve the engagement of any firm of external advisors to support the internal audit function, including the fees thereof;

(4) Review the resources, performance, effectiveness, degree of independence and objectivity of the internal audit function and the adequacy of its audit process, and approve changes to its charter;

(5) Review internal audit reports, as well as management's response to such reports, and review and approve the annual internal audit plan, including the proposed audit universe, priorities, resourcing, and, on a quarterly basis, the status of the audit plan and the then current assessment and management of risks subject to internal audit review;

(6) Review the effectiveness of the internal audit function's methodology relating to its assessment of risks subject to internal audit purview, including the factors considered and the relative weighting of such factors, and consider changes in management's assessment of such risks;

(7) Review with management the progress and results of all internal audit projects, approve procedures for implementing accepted recommendations, and, when deemed necessary or appropriate by the Committee, direct the Corporation's Chief Executive Officer to assign additional audit projects to the leader of the internal audit function;

(8) Meet privately with the leader of the internal audit function to discuss any areas of concern, and to confirm that (i) significant issues, including any material disagreements with the senior leadership team, are brought to the Committee's attention and (ii) the integrity of the Company's internal control and management information systems are satisfactory;

Oversight of Financial Reporting Process and Internal Controls

(1) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation;

(2) Review with management the Corporation's administrative, operational and accounting internal controls and internal control over financial reporting, including the controls, security and functionality of the financial information technology systems, and evaluate whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct;

(3) Review with management and the independent auditors any reportable conditions and material weaknesses affecting the Corporation's internal control and financial reporting;

(4) Receive periodic reports from the Corporation's independent auditors and management of the Corporation to assess the impact on the Corporation of significant accounting or financial reporting developments proposed by the Chartered Professional Accountants Canada, the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the SEC, the OSC or other regulatory body, or any other significant accounting or financial reporting related matters that may have a bearing on the Corporation;

(5) Establish and maintain free and open means of communication between and among the Board, the Committee, the Corporation's independent auditors, the internal audit function and management;

Other Matters

(1) In addition to meeting regularly with the general counsel, meet as needed with outside counsel to review legal and regulatory matters, including inquiries from governmental and regulatory authorities and any matters that may have a material impact on the financial statements of the Corporation;

(2) Review the Corporation's policies relating to the avoidance of conflicts of interest and review and approve related party transactions as required by the Corporation's Code of Business Standards and Principles and applicable laws and listing

rules, as well as policies and procedures with respect to officers' expense accounts and perquisites. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors;

(3) Oversee, review, and periodically update the Corporation's Code of Business Standards and Principles and the Corporation's system to monitor compliance with and enforcement of the Code of Business Standards and Principles;

(4) Review and approve capital and operating expenditure limits on an annual basis and review and approval of any exceptions to such limits proposed by the Corporation from time to time;

(5) Oversee areas under the responsibility of management, including the examination of securities trading by insiders;

(6) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts for this purpose;

(7) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

(8) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

With respect to the exercise of its duties and responsibilities, the Committee should:

(1) exercise reasonable diligence in gathering and considering all material information;

(2) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

(3) understand and weigh alternative courses of conduct that may be available;

(4) focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action;

(5) if the Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Committee in fulfilling its duties and responsibilities; and

(6) provide management, the Corporation's independent auditors and the leader of the internal audit function with appropriate opportunities to meet privately with the Committee.

Nothing in this Charter is intended, or should be determined, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law. The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance, but not to ensure, that such activities are being conducted properly and effectively by the Corporation.

6. FUNDING

The Committee's effectiveness may be compromised if it is dependent on management's discretion to compensate the independent auditors or the advisors employed by the Committee. Consequently, the Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (1) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (2) to any independent counsel or other advisors employed by the Committee or engaged to support the internal audit function.

7. DISCLOSURE AND REVIEW OF CHARTER

The Charter shall be (1) published in the Corporation's annual report, information circular or annual information form, as required by law, and (2) be posted in an up-to-date format on the Corporation's web site. The Committee should review and reassess annually the adequacy of this Charter.

* * *

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

ANNEX A

(Duties and Responsibilities of the Chair)

In addition to the duties and responsibilities set out in the Board of Directors Mandate and this Charter, the Chair will:

1. Provide overall leadership to enhance the effectiveness of the Committee, including:

    a. Recommend and oversee the appropriate structure, composition, membership, and activities delegated to the Committee;

    b. Chair all meetings of the Committee at which the Chair is in attendance and manage the meeting agenda so that appropriate time and consideration can be given to the agenda items;

    c. Lead discussions, foster candor among meeting participants and encourage Committee members to ask questions of senior management, its advisors and advisors of the Committee, and express viewpoints during meetings;

    d. Schedule and set the agenda for Committee meetings with input from other Committee members, the Committee's advisors, the Executive Chair and the Lead Director of the Board of Directors, the CEO, the Corporate Secretary and senior management as appropriate and consider, on a proactive basis, emerging matters that should be addressed by the Committee;

    e. Facilitate the timely, accurate and proper flow of information to and from the Committee and, with input from Committee members, maintain an open dialogue with the Corporate Secretary regarding the timeliness, quantity, quality and completeness of information provided by senior management and advisors to the Committee;

    f. Arrange for management, internal personnel, external advisors, and others to attend and present at Committee meetings as appropriate;

    g. Arrange sufficient time during Committee meetings to fully discuss agenda items and, as appropriate, defer matters that require more information or time for discussion to a subsequent meeting;

    h. In cooperation with the Corporate Secretary and/or the Assistant Corporate Secretary, identify, monitor and report back to the Committee on the status of matters requiring action by senior management or the Committee following the meeting with a view to ensuring that matters are acted upon in a timely manner;

    i. Review draft minutes of Committee meetings prior to their presentation to the Committee for approval and ensure that minutes are reviewed and approved by the Committee in accordance with this Charter;

    j. Carry out the responsibilities and duties of the Committee, as outlined in this Charter, and

    k. Review this Charter and duties and responsibilities with Committee members at least annually.

2. Foster responsible decision-making by the Committee and its individual members.

3. Provide for in-camera sessions at all scheduled meetings of the Committee without management present and, as appropriate, without the Corporate Secretary present.

4. Following each meeting of the Committee, report to the Board of Directors on the activities, findings and any recommendations of the Committee.

5. Perform such other duties, within the scope of the Committee's duties and responsibilities, as may be assigned by the Board of Directors.

Exhibit 1.2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of **BlackBerry Limited**

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **BlackBerry Limited** (the "Company"), which comprise of the consolidated balance sheets as at February 28, 2018 and February 28, 2017, the consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the three year period ended February 28, 2018, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the three year period ended February 28, 2018 in accordance with United States generally accepted accounting principles as issued by the Financial Accounting Standards Board.

Report on internal control over financial reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of February 28, 2018, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 28, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with United States generally accepted accounting principles as issued by the Financial Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 1997.
Kitchener, Canada
March 28, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of BlackBerry Limited

Opinion on Internal Control over Financial Reporting

We have audited BlackBerry Limited's internal control over financial reporting as of February 28, 2018, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, BlackBerry Limited (the "Company") maintained, in all material respects, effective internal control over financial reporting as of February 28, 2018, based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as at February 28, 2018 and 2017, the consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the three year period ended February 28, 2018, and the related notes, comprising a summary of significant accounting policies and other explanatory information and our report dated March 28, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible 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. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 United States generally accepted accounting principles as issued by the Financial Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with United States generally accepted accounting principles as issued by the Financial Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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.

/s/ Ernst & Young LLP

Kitchener, Canada
March 28, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of BlackBerry Limited

Management of BlackBerry Limited is responsible for the preparation and presentation of the Consolidated Financial Statements and all of the financial information in this Annual Report. The Consolidated Financial Statements were prepared in accordance with United States generally accepted accounting principles and include certain amounts based upon estimates and judgments required for such preparation. The financial information appearing throughout this Annual Report is consistent with the Consolidated Financial Statements. The Consolidated Financial Statements have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors of BlackBerry Limited.

In fulfilling its responsibility for the reliability and integrity of financial information, management has developed and maintains systems of accounting and internal controls and budgeting procedures. Management believes these systems and controls provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and financial records are reliable for the preparation of accurate and timely Consolidated Financial Statements.

The Company's Audit and Risk Management Committee of the Board of Directors, which consists entirely of non-management independent directors, usually meets two times per fiscal quarter with management and the independent registered public accounting firm to ensure that each is discharging its respective responsibilities, to review the Consolidated Financial Statements and either the quarterly review engagement report or the independent registered public accounting firm's report and to discuss significant financial reporting issues and auditing matters. The Company's external registered public accounting firm has full and unrestricted access to the Audit and Risk Management Committee to discuss audit findings, financial reporting and other related matters. The Audit and Risk Management Committee reports its findings to the Board of Directors for consideration when the Board approves the Consolidated Financial Statements for issuance to the shareholders.

The Consolidated Financial Statements for fiscal 2018, fiscal 2017 and fiscal 2016 have been audited by Ernst & Young LLP, the independent registered public accounting firm appointed by the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

/s/ John S. Chen

Waterloo, Ontario
March 28, 2018

John S. Chen
President & CEO

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

Consolidated Balance Sheets

	As at	
	February 28, 2018	February 28, 2017
Assets		
Current		
Cash and cash equivalents	$ 816	$ 734
Short-term investments	1,443	644
Accounts receivable, net	151	200
Other receivables	71	27
Inventories	3	26
Income taxes receivable	26	31
Other current assets	38	55
	2,548	1,717
Long-term receivables	25	7
Long-term investments	55	269
Deferred income tax assets	3	—
Restricted cash and cash equivalents	39	51
Property, plant and equipment, net	64	91
Goodwill	569	559
Intangible assets, net	477	602
	$ 3,780	$ 3,296
Liabilities		
Current		
Accounts payable	$ 46	$ 128
Accrued liabilities	205	240
Income taxes payable	18	14
Deferred revenue	195	239
	464	621
Other long-term liabilities	23	18
Long-term debt	782	591
Deferred income tax liabilities	6	9
	1,275	1,239
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 - 536,733,733 voting common shares (February 28, 2017 - 530,497,193)	2,560	2,512
Deficit	(45)	(438)
Accumulated other comprehensive loss	(10)	(17)
	2,505	2,057
	$ 3,780	$ 3,296

See notes to consolidated financial statements.

On behalf of the Board:

John S. Chen	Barbara Stymiest
Director	Director

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Shareholders' Equity

	Capital Stock and Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total
Balance as at February 28, 2015	$ 2,444	$ 1,010	$ (23)	$ 3,431
Net loss	—	(208)	—	(208)
Other comprehensive income	—	—	15	15
Shares issued:				
Exercise of stock options	3	—	—	3
Stock-based compensation	60	—	—	60
Tax deficiencies related to stock-based compensation	(1)	—	—	(1)
Share repurchase	(59)	(34)	—	(93)
Employee share purchase plan	1	—	—	1
Balance as at February 29, 2016	2,448	768	(8)	3,208
Net loss	—	(1,206)	—	(1,206)
Other comprehensive loss	—	—	(9)	(9)
Shares issued:				
Exercise of stock options	1	—	—	1
Stock-based compensation	60	—	—	60
Tax deficiencies related to stock-based compensation	(1)	—	—	(1)
Employee share purchase plan	4	—	—	4
Balance as at February 28, 2017	2,512	(438)	(17)	2,057
Net income	—	405	—	405
Other comprehensive income	—	—	7	7
Shares issued:				
Exercise of stock options	4	—	—	4
Stock-based compensation	49	—	—	49
Cumulative impact of adoption of ASU 2016-16	—	(3)	—	(3)
Share repurchase	(9)	(9)	—	(18)
Employee share purchase plan	4	—	—	4
Balance as at February 28, 2018	$ 2,560	$ (45)	$ (10)	$ 2,505

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, 2018	February 28, 2017	February 29, 2016
Revenue	$ 932	$ 1,309	$ 2,160
Cost of sales			
Cost of sales	262	542	1,183
Inventory write-down	—	150	36
	262	692	1,219
Gross margin	670	617	941
Operating expenses			
Research and development	239	306	469
Selling, marketing and administration	467	553	653
Amortization	153	186	277
Impairment of goodwill	—	57	—
Impairment of long-lived assets	11	501	—
Loss on sale, disposal and abandonment of long-lived assets	9	171	195
Debentures fair value adjustment	191	24	(430)
Arbitration awards, net	(683)	—	—
	387	1,798	1,164
Operating income (loss)	283	(1,181)	(223)
Investment income (loss), net	123	(27)	(59)
Income (loss) before income taxes	406	(1,208)	(282)
Provision for (recovery of) income taxes	1	(2)	(74)
Net income (loss)	$ 405	$ (1,206)	$ (208)
Earnings (loss) per share			
Basic	$ 0.76	$ (2.30)	$ (0.40)
Diluted	$ 0.74	$ (2.30)	$ (0.86)

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, 2018	February 28, 2017	February 29, 2016
Net income (loss)	$ 405	$ (1,206)	$ (208)
Other comprehensive income (loss)			
Net change in unrealized gains (losses) on available-for-sale investments	(3)	(7)	1
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income taxes of nil (February 28, 2017 - income taxes of nil; February 29, 2016 - income tax recovery of $2 million)	1	2	(3)
Amounts reclassified to net income (loss) during the year, net of income taxes of nil (February 28, 2017 - income taxes of nil; February 29, 2016 - income tax recovery of $2 million)	(2)	(1)	27
Foreign currency translation adjustment	12	(3)	(10)
Actuarial losses associated with other post-employment benefit obligations	(1)	—	—
Other comprehensive income (loss)	7	(9)	15
Comprehensive income (loss)	$ 412	$ (1,215)	$ (193)

See notes to consolidated financial statements.

BlackBerry Limited
(United States dollars, in millions)

Consolidated Statements of Cash Flows

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Cash flows from operating activities			
Net income (loss)	405	(1,206)	(208)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization	177	239	616
Deferred income taxes	(7)	33	(105)
Stock-based compensation	49	60	60
Impairment of goodwill	—	57	—
Impairment of long-lived assets	11	501	—
Loss on sale, disposal and abandonment of long-lived assets	9	171	195
Debentures fair value adjustment	191	24	(430)
Long-term receivables	(18)	—	2
Other long-term liabilities	5	(5)	8
Other	(6)	—	16
Net changes in working capital items			
Accounts receivable, net	49	166	193
Other receivables	(44)	17	45
Inventories	23	117	(21)
Income tax receivable	2	2	151
Other current assets	16	45	257
Accounts payable	(82)	(179)	30
Accrued liabilities	(36)	(94)	(312)
Income taxes payable	4	(28)	24
Deferred revenue	(44)	(144)	(264)
Net cash provided by (used in) operating activities	704	(224)	257
Cash flows from investing activities			
Acquisition of long-term investments	(27)	(430)	(326)
Proceeds on sale or maturity of long-term investments	77	228	301
Acquisition of property, plant and equipment	(15)	(17)	(32)
Proceeds on sale of property, plant and equipment	3	95	4
Acquisition of intangible assets	(30)	(52)	(70)
Business acquisitions, net of cash acquired	—	(5)	(698)
Acquisition of short-term investments	(3,499)	(1,366)	(2,764)
Proceeds on sale or maturity of short-term investments	2,861	2,271	3,146
Net cash provided by (used in) investing activities	(630)	724	(439)
Cash flows from financing activities			
Issuance of common shares	8	5	4
Payment of contingent consideration from business acquisitions	—	(15)	—
Excess deficiency related to stock-based compensation	—	(1)	(1)
Common shares repurchased	(18)	—	(93)
Effect of foreign exchange gains on restricted cash and cash equivalents	—	(3)	—
Repurchase of 6% Debentures	—	(1,315)	—

Issuance of 3.75% Debentures	—	605	—
Transfer from restricted cash and cash equivalents	12	2	12
Net cash provided by (used in) financing activities	2	(722)	(78)
Effect of foreign exchange gain (loss) on cash and cash equivalents	6	(1)	(16)
Net increase (decrease) in cash and cash equivalents during the year	82	(223)	(276)
Cash and cash equivalents, beginning of year	734	957	1,233
Cash and cash equivalents, end of year	$ 816	$ 734	$ 957

See notes to consolidated financial statements.

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

BlackBerry Limited (the “Company”) is an enterprise software and services company focused on securing and managing endpoints in the Internet of Things (IoT). Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Middle East, Latin America and Africa. The Company’s common shares trade under the ticker symbol “BB” on the Toronto Stock Exchange and the New York Stock Exchange. The Company transferred the listing of its common shares from the NASDAQ Global Select Market to the New York Stock Exchange during the third quarter of fiscal 2018.

Basis of Presentation and Preparation

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

In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on enterprise communication and collaboration software and services, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its service access fees (“SAF”). As a result, the Chief Operating Decision Maker (the “CODM”), who is the Chief Executive Officer of the Company, began making decisions and assessing the performance of the Company as a single operating segment. For additional information concerning the Company’s segment reporting, see Note 15.

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 the determination of reserves for various litigation claims, revenue-related estimates including vendor-specific objective evidence of selling price (“VSOE”), best estimated selling price (“BESP”), right of return and customer incentive commitments, royalties, fair value of goodwill, long-lived asset impairment, amortization expense, fair values of assets acquired and liabilities assumed in business combinations, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for doubtful accounts, and the fair values of financial instruments. Actual results could differ from these estimates.

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 revenues and expenses are translated at the rates of exchange prevailing when the transactions occurred. Re-measurement 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 subsidiaries are translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheet dates. Revenue and expenses are translated using monthly average exchange rates. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive income (loss) (“AOCI”).

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

The accounts receivable balance reflects invoiced and accrued revenue and is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in the accounts receivable balance. 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 network carriers rather than directly.

The Company evaluates the collectability of its accounts receivable balance based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. 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 bad debt 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 receivables balances could be further adjusted.

Investments

The Company's cash equivalents and investments, other than cost method investments, 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 AOCI 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. In the event of a decline in value that is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities at 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), 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 are classified as long-term investments.

The Company assesses individual investments that are in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. 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 intent and ability to hold the investment. In the event that a decline in the fair value of an investment occurs and that decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment as at the consolidated balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

If a debt security's market value is below its amortized cost and either the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income, and the remaining other-than-temporary impairment would be recorded as a component of AOCI.

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 effective portion of the derivative's gain or loss is initially reported as a component of AOCI, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current 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 AOCI 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 changes in the U.S. dollar value of the associated asset, liability or forecasted transaction.

Inventories

Raw materials, work in process and finished goods are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in, first-out basis. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal.

Property, plant and equipment, net

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 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 20% per annum

Goodwill

Goodwill represents the excess of the acquisition price 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, during the fourth quarter, 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.

The Company has historically tested goodwill for impairment as of January 31 during each fiscal year; however, in fiscal 2018 the Company changed the date of its annual goodwill impairment test to December 31 of each fiscal year in order to allow for more time to complete the test, the complexity of which has increased with the Company's transition from a hardware company to a software company and the change in reporting unit structure noted below. The Company does not believe that this change in goodwill impairment testing date represents a material change in accounting principle as the change did not have a material effect to the financial statements in light of the continuing requirement to assess goodwill impairment in the presence of certain indicators and the significant excess of fair value over carrying value at both dates.

The Company did not have any goodwill impairment in fiscal 2018.

As a result of the internal reporting reorganization in fiscal 2017, and the Company's transition to segmented reporting in that fiscal year, the change in reporting unit structure necessitated a goodwill impairment assessment preceding and following the reorganization of reporting units. The impairment test was carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. Following the reorganization, goodwill was assigned to the reporting units based upon the relative fair value allocation approach. The estimated fair value was determined utilizing multiple approaches based on the reporting units valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach, discounted future cash flows, the market-based approach, and the asset value approach. The carrying amount of the Company's assets was assigned to reporting units using reasonable methodologies based on the asset type. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary. Different judgments could yield different results.

The completion of step one of the goodwill impairment test following the internal reporting reorganization provided indications of impairment in certain reporting units, necessitating step two.

In the second step, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The second step involves significant judgment in the selection of assumptions necessary to arrive at an implied fair value of goodwill. Different judgments could yield different results.

Using the impaired reporting units' fair value determined in step one as the acquisition prices in hypothetical acquisitions of the reporting units, the implied fair values of goodwill were calculated as the residual amount of the acquisition price after allocations made to the fair values of net assets, including working capital, property, plant and equipment and both recognized and unrecognized intangible assets. Based on the results of step two of the goodwill impairment test in fiscal 2017, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment charge of $57 million (the "Goodwill Impairment Charge"), in the first quarter of fiscal 2017. The results of step one of the goodwill impairment test also indicated impairment in the asset groups associated with those reporting units, resulting in the long-lived asset impairment test as discussed below.

Intangible assets

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

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Acquired technology consists of intangible assets acquired through business acquisitions. Intellectual property consists of patents (both purchased and internally generated) and agreements with third parties for the use of intellectual property. 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 and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount 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 requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying amount of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

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 amount of its net assets. If the net cash flows of the asset group exceed the carrying amount of its net assets, LLA are not considered to be impaired. If the carrying amount 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 amount of the asset group's net assets exceeds the fair value of the Company, then the excess represents the maximum amount of potential impairment that will be allocated to 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. In the second quarter of fiscal 2018, the Company performed an LLA impairment analysis on an asset group associated with certain prepaid royalty arrangements associated with the Company's sale of handheld devices, using the procedure described above, which included a cash flow recoverability test. The estimated undiscounted net cash flows of the asset group were determined utilizing the Company's internal forecasts. The Company concluded that the carrying value of the asset group exceeded the undiscounted net cash flows. Consequently, step two of the LLA impairment test was performed whereby the fair values of certain of the Company's assets were compared to their carrying values. As a result of the analysis, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $11 million (the "Fiscal 2018 LLA Impairment Charge") in the second quarter of fiscal 2018.

In the first quarter of fiscal 2017, as a result of step one of the goodwill impairment assessment, the Company performed an LLA impairment analysis on the intellectual property within the asset group associated with the Company's handheld devices business using the procedure described above. As a result of such LLA impairment test, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $501 million (the "Fiscal 2017 LLA Impairment Charge") in the first quarter of fiscal 2017.

Business acquisitions

The Company accounts for its acquisitions using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

Royalties

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

Warranty

The Company records the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs. The Company does not have any warranty obligations associated with BlackBerry-branded smartphones sold by licensing partners.

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Convertible debentures

The Company elected to measure its outstanding convertible debentures (collectively, the “Debentures” as defined in Note 10) at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures are recognized in income. The fair value of the Debentures has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option prices, the market price and volatility of the Company's listed common shares and the Company's implicit credit spread.

Revenue recognition

The Company recognizes revenue as earned when the following four criteria have been met: (i) when persuasive evidence of an arrangement exists, (ii) the product has been delivered to a customer and title has been transferred or the services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

See Note 15 for a description of the Company's revenues by product and service type and what each grouping contains.

Revenue from Enterprise Software and Services and BlackBerry Technology Solutions

The Company generates revenue from both perpetual and term licenses, both of which are often bundled with other products and services including maintenance, technical support, professional services and other related services.

Revenue from perpetual licenses is recognized upon delivery, as the software has standalone value, if the Company has obtained VSOE of fair value of undelivered products and services bundled with the perpetual license. If VSOE of fair value of all undelivered elements has been established, the license revenue is recognized upon delivery and the undelivered elements including software maintenance, unspecified upgrades and technical support are recognized over the period that such items are delivered or those services are provided.

Revenue from term licensed software is recognized in a manner consistent with revenue from perpetual licenses in instances where VSOE of fair value of all undelivered elements has not been established, in which case all revenue is recognized ratably over the longer of the service delivery periods or the contract term.

When the VSOE of fair value has not been established, the Company uses the residual method to recognize revenue if the VSOE of fair value of undelivered elements is determinable. Additional detail regarding the accounting policies for multiple element arrangements is provided below.

Revenue from professional services can be part of software license arrangements or sold separately. When professional services are sold as part of software license arrangements, recognition of revenue for the entire transaction either occurs over the period in which the services are expected to be performed or does not commence until completion and acceptance of these professional services, depending on the facts and circumstances of the transaction. Revenue from professional services sold separately from software licenses is recognized upon completion of the services.

Revenue from renewals of support and maintenance contracts is recognized ratably over the contract term.

Revenue from Handheld Devices

Revenue for handheld devices was recognized when the four revenue recognition criteria noted above are met. The Company recorded reductions to revenue for estimated commitments related to price protection, rights of return and customer incentive programs. If there was a risk of future pricing concessions and a reliable estimate could not be made at the time of shipment, the Company recognized the related revenue and costs of goods sold when its products were sold through to an end user.

Significant judgment was applied by the Company to determine whether shipments of devices met the Company's revenue recognition criteria, as the analysis was dependent on many facts and circumstances. The Company recognized revenue upon shipment provided that the Company was able to conclude that the price was fixed or determinable. Sales of the Company's devices to wireless carriers in certain regions were recognized as revenue at the time of shipment. Other shipments of devices were recognized as revenue only when the devices sold through to end users. For shipments where the Company recognized revenue when the product was sold through to an end user, the Company determined the point at which that happened based upon internally generated reporting indicating when the devices are activated on the Company's relay infrastructure.

Revenue from Service Access Fees

Revenue from service access fees is recognized ratably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the pre-billing is recorded as deferred revenue. The Company has customers for which revenue is recognized on a cash basis due to collectability. Service access fee revenue also includes the recognition of previously deferred revenue related to multiple-element arrangements for non-software services and software upgrade rights related to BlackBerry 10 devices.

Revenue from Other Sources

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. Revenue from patent licensing agreements is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon mutual signing of the license agreement. For perpetual agreements, these criteria are generally fulfilled upon the beginning of the license period, coinciding with the mutual signing of the license agreement. For term-based agreements, these criteria are generally considered to be fulfilled over the life of the agreement and revenue is recognized ratably.

Certain outbound patent licensing arrangements may include termination provisions and/or future amounts dependent on subsequent licensee activity which limit the Company's ability to determine when the sale price is fixed and determinable and the amounts collectible. In these instances, revenue is recognized when the amounts become due.

From time to time, the Company may sell patents, which are typically non-strategic, to the Company's product and patent portfolio. These patent sales are a part of the technology and patent licensing strategy, and therefore represent a component of the Company's major or central operations. Revenue from patent sales is recorded when the four major criteria of revenue recognition noted above are met.

The Company has agreements under which the Company has licensed its security software and service suite, as well as related brand assets, to third parties who will design, manufacture, sell and provide customer support for BlackBerry-branded mobile handsets. Revenue is recognized when the four major criteria of revenue recognition noted above are met. Mobility license revenue for licensees, whose sales exceed contractual sales minimums, is recognized when licensed products are sold as reported by the Company's licensees. For licensees whose sales do not exceed contractual sales minimums, revenue is recognized ratably over the license term based on contractual minimum amounts.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-element arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) Enterprise software and services, (ii) BlackBerry Technology Solutions, and historically (iii) BlackBerry 10 or Android handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services.

For the Company's arrangements involving multiple deliverables where industry-specific software revenue recognition accounting guidance is not applicable, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using VSOE. In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third-party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses BESP in its allocation of arrangement consideration, where permitted. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

For arrangements involving multiple deliverables of software with other services, which may include software maintenance, professional services, unspecified upgrades and technical support, revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration, less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software element does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

For arrangements involving multiple deliverables including the BlackBerry 10 or Android device and the essential operating system software, as well as unspecified software upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP, as the device, unspecified software upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized on a straight-line basis over the estimated period during which the software upgrades and non-software services are expected to be provided.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with, and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right and non-software services is $4 per device.

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.

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 non-U.S. dollar functional currency subsidiaries as described under the foreign currency translation policy above, cash flow hedges as described in Note 5, changes in the fair value of available-for-sale investments as described in Notes 3 and 4, 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 11(b).

The Equity Incentive Plan (the "Equity Plan") was adopted during fiscal 2014 and replaced the Company's previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors (the "Board"). The Equity Plan provides for the grants of incentive stock options and restricted share units ("RSUs") to officers and employees of the Company or its subsidiaries. The number of common shares authorized for awards under the Equity Plan is 33,875,000 common shares. Any shares that are subject to options granted after fiscal 2013 are counted against this limit as 0.625 shares for every one option granted, and any shares that are subject to RSUs granted after fiscal 2013 are counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options (i.e., RSUs) that expire or are forfeited, settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. In addition to awards under the Equity Plan, 10,521,418 RSUs were granted to the Chief Executive Officer as an inducement to enter into a contract of full-time employment.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options, and the expense is recognized ratably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations would be impacted.

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

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs generally vest over a three-year period, either in equal annual installments or on the third anniversary date. 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 re-measured at each reporting period until settlement.

Advertising costs

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

2. ADOPTION OF ACCOUNTING POLICIES

Accounting Standards Adopted During Fiscal 2018

In October 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-16 on the topic of income taxes. The amendments in this update improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted, and the Company chose to early adopt this guidance in the first quarter of fiscal 2018. As a result of the adoption of ASU 2016-16, the Company recognized approximately $3 million in tax expense on past intra-entity transfers that had previously been deferred, through a cumulative adjustment to retained earnings.

Recently Issued Accounting Pronouncements

Accounting Standards Codification 606

In May 2014, the FASB issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard ("ASC 606"). The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company established a cross-functional coordinated team to conduct the implementation of the revenue recognition standard, which was responsible for identifying and implementing the appropriate changes to the Company's business processes, systems and controls surrounding the adoption of ASC 606 in order to support the relevant recognition and disclosure changes.

The Company will adopt this guidance on March 1, 2018 utilizing the modified retrospective approach, whereby any historical impact upon adoption is recorded as a cumulative transition adjustment to retained earnings or deficit. As part of its preparation for adoption of ASC 606, the Company implemented internal controls and certain changes to its Enterprise Resource Planning systems to analyze its contracts and related financial information and prepare to comply with the dual reporting requirements during the one year transition period under the modified retrospective approach.

The key area of potential impact to the Company from implementing the guidance relates to the timing of revenue recognition for the software license component of its enterprise software offerings. There are no significant changes expected to any of the Company's other revenue streams as a result of the adoption of ASC 606.

ASC 606 requires the capitalization of all the incremental costs to acquire a contract, and for these costs to be amortized into income proportionate to the recognition of the associated revenue. The Company currently capitalizes and defers some, but not all, of its incremental costs to acquire a contract and amortizes that cost into income ratably over the term of the contract. As a result, the adoption of ASC 606 will result in certain costs incurred in acquiring a contract previously expensed being reversed through a cumulative adjustment from retained earnings or deficit to other current assets, and recognized over time in line with the associated revenue.

The Company is in the process of determining the impact of ASC 606, and expects that, in the first quarter of fiscal 2019 when the standard becomes effective for the Company, there likely will be a material impact to its financial statements consisting of adjustments to the opening balance of its deficit, a change in deferred revenue, and a change in other current assets.

Accounting Standards Update ("ASU") 2016-01

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017. Changes as a result of this guidance are to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt this guidance in the first quarter of fiscal 2019.

This guidance requires the Company to present separately in AOCI the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk, when the Company has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company has elected the fair value option on its Debentures. As such, previous fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be reversed from deficit and be placed in AOCI as of March 1, 2018. The Company is still in the process of determining this impact, but the impact likely will be material. Future fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be recorded through AOCI.

This guidance also requires that changes in fair value associated with the Company's equity investment be recorded in net income as opposed to AOCI. As at February 28, 2018, the Company had total unrealized losses associated with its equity investments of approximately $8 million. As a result, on March 1, 2018, the Company will record a cumulative adjustment out of AOCI and into deficit for approximately $8 million. Future fluctuations in the value of the Company's equity investment will be recorded in the statement of operations.

Other recently announced accounting pronouncements

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company expects to adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In May 2017, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

In August 2017, the FASB issued a new accounting standard on the topic of derivatives and hedging. The amendments in this update expand and refine the designation and measurement guidance for qualifying hedging relationships and the presentation of those hedge results. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of fiscal 2020 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The components of cash, cash equivalents and investments by fair value level as at February 28, 2018 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash
Bank balances	$ 169	$ —	$ —	$ —	$ 169	$ 169	$ —	$ —	$ —
Other investments	35	—	—	—	35	—	—	35	—
	204	—	—	—	204	169	—	35	—
Level 1:									
Equity securities	10	—	(8)	—	2	—	2	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	332	—	—	—	332	—	293	—	39
Bankers' acceptances	211	—	—	—	211	211	—	—	—
Commercial paper	426	—	—	—	426	231	195	—	—
Non-U.S. promissory notes	227	—	—	—	227	102	125	—	—
Non-U.S. government sponsored enterprise notes	200	—	—	—	200	15	185	—	—
Non-U.S. treasury bills/notes	284	—	—	—	284	50	234	—	—
U.S. treasury bills/notes	448	—	(1)	—	447	38	409	—	—
	2,128	—	(1)	—	2,127	647	1,441	—	39
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—
Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$ 2,363	$ 2	$ (9)	$ (3)	$ 2,353	$ 816	$ 1,443	$ 55	$ 39

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The components of cash, cash equivalents and investments by fair value level as at February 28, 2017 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash and Cash Equivalents
Bank balances	$ 218	$ —	$ —	$ —	$ 218	$ 216	$ —	$ —	$ 2
Other investments	34	—	—	—	34	—	—	34	—
	252	—	—	—	252	216	—	34	2
Level 1:									
Equity securities	10	—	(5)	—	5	—	5	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	242	—	—	—	242	143	50	—	49
Bankers' acceptances	125	—	—	—	125	125	—	—	—
Commercial paper	274	—	—	—	274	212	62	—	—
Non-U.S. promissory notes	117	—	—	—	117	38	79	—	—
Non-U.S. government sponsored enterprise notes	49	—	—	—	49	—	49	—	—
Non-U.S. treasury bills/notes	300	—	—	—	300	—	300	—	—
U.S. treasury bills/ notes	315	—	(1)	—	314	—	99	215	—
	1,422	—	(1)	—	1,421	518	639	215	49
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—
Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$ 1,705	$ 2	$ (6)	$ (3)	$ 1,698	$ 734	$ 644	$ 269	$ 51

As at February 28, 2018, the Company's other investments consisted of cost method investments of $35 million (February 28, 2017 - $34 million). During the year ended February 28, 2018, there were no other-than-temporary impairment charges (other-than-temporary impairment charges of $8 million and nil relating to certain cost-based investments for the years ended February 28, 2017 and February 29, 2016) and realized gains of nil relating to the sale of cost-based investments (realized gains of $12 million and nil for the years ended February 28, 2017 and February 29, 2016).

During the year ended February 28, 2018, the Company recognized realized losses on available-for-sale securities of $1 million. There were no realized gains or losses recognized for the year ended February 28, 2017, and gains of $1 million for the year ended February 29, 2016.

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

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The contractual maturities of available-for-sale investments as at February 28, 2018 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 2,128	$ 2,127
Due in one to five years	1	1
Due after five years	17	19
No fixed maturity	10	2
	$ 2,156	$ 2,149

As at February 28, 2018, the Company had investments with continuous unrealized losses totaling $9 million, consisting of $8 million in unrealized losses on equity securities holdings and $1 million in unrealized losses on U.S. treasury bills (February 28, 2017 - no investments with continuous unrealized losses). The Company has the ability and intent to hold these securities until such time that their value recovers or the investments mature, and as such does not consider their current impairments to be other-than-temporary. For a full description of how the Company assesses its investments for other-than-temporary impairment, see the "Investments" accounting policy in Note 1. For a description of the impact of ASU 2016-01 on the unrealized losses on equity securities beginning in fiscal 2019, see Note 2.

4. FAIR VALUE MEASUREMENTS

For a description of the fair value hierarchy, see Note 3.

Recurring Fair Value Measurements

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities approximate fair value due to their short maturities.

In determining the fair value of investments held (other than those classified as Level 3), the Company primarily relies on an independent third-party valuator for the fair valuation of securities. Pricing inputs used by the independent third-party valuator are generally received from one primary vendor. The pricing inputs are reviewed for completeness and accuracy, within a set tolerance level, on a daily basis by the independent third-party valuator. The Company also reviews and understands 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 the original pricing is warranted.

The Company's investments (other than those classified as Level 3) largely consist of securities issued by major corporate and banking organizations, the provincial and federal governments of Canada, international government banking organizations and the United States Department of the Treasury, and are all investment grade. The Company also holds a limited amount of equity securities following the initial public offering by the issuer of a previous cost-based investment.

For a description of how the fair value of currency forward contracts and currency option contracts and the fair value of the Debentures (as defined in Note 10) have been determined, see the "Derivative financial instruments" and "Convertible debentures" accounting policies in Note 1.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended February 28, 2018 and February 28, 2017:

	Level 3
Balance at February 29, 2016	$ 21
Principal repayments	(1)
Balance at February 28, 2017	20
Principal repayments	—
Balance at February 28, 2018	$ 20

The Company recognizes transfers in and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurred. There were no significant transfers in or out of Level 3 assets during the years ended February 28, 2018 or February 28, 2017.

The Company's Level 3 assets measured on a recurring basis include auction rate securities as well as corporate notes/bonds consisting of securities received in a payment-in-kind distribution from a former structured investment vehicle.

The auction rate securities are valued using a discounted cash flow method incorporating both observable and unobservable inputs. The unobservable inputs utilized in the valuation are the estimated weighted average life of each security based on its contractual details and expected pay down schedule based upon the underlying collateral, the value of the underlying collateral that would be realized in the event of a waterfall event, an estimate of the likelihood of a waterfall event, an estimate of the likelihood of a permanent auction suspension, and an estimate of the likelihood of the securities being called at par. Significant changes in these unobservable inputs would result in significantly different fair value measurements. Generally, a change in the assumption used for the probability of a waterfall event is accompanied by a directionally opposite change in the assumption used for the probability of a permanent auction suspension. A waterfall event occurs if the funded reserves of the securities become insufficient to make the interest payments, resulting in the disbursement of the securities' underlying collateral to the security holders.

The following table presents the significant unobservable inputs used in the fair value measurement of the auction rate securities, as well as the impact on the fair value measurement resulting from a significant increase in each input in isolation. A significant decrease in each input would produce the opposite impact as shown below:

As at February 28, 2018	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase in Input on Fair Value
Auction rate securities	$ 19	Discounted cash flow	Weighted average life	15 years	Decrease
			Collateral value (as a % of fair value)	152%	Increase
			Probability of waterfall event	10%	Increase
			Probability of permanent suspension of auction	5%	Decrease
			Probability of being called at par	25%	Increase

In millions of United States dollars, except share and per share data, and except as otherwise indicated

5. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts and fair values of financial instruments outstanding were as follows:

	As at February 28, 2018				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets [1]:					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 104
Currency option contracts	Other current assets	—	—	—	19
Total		$ —	$ 1	$ 1	$ 123
Derivative Liabilities [1]:					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 100
Currency option contracts	Accrued liabilities	(1)	—	(1)	61
Total		$ (1)	$ (1)	$ (2)	$ 161

[1] The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

	As at February 28, 2017				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets [1]:					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 89
Currency option contracts	Other current assets	1	—	1	37
Total		$ 1	$ 1	$ 2	$ 126
Derivative Liabilities [1]:					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 28
Currency option contracts	Accrued liabilities	(1)	—	(1)	38
Total		$ (1)	$ (1)	$ (2)	$ 66

[1] The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

Foreign exchange

The Company's currency risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency exchange rates. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts.

The majority of the Company's revenue for the fiscal year ended February 28, 2018 was transacted in U.S. dollars. However, portions of the revenue are denominated in Canadian dollars, euros, and British pounds. Expenses, consisting of the majority of salaries and other certain operating costs, are incurred primarily in Canadian dollars. The Company enters into forward and option contracts to hedge portions of these anticipated transactions to reduce the volatility on income associated with the foreign currency exposures. The Company also enters into forward and option contracts to reduce the effects of foreign exchange gains and losses resulting from the revaluation of certain foreign currency monetary assets and liabilities. As at February 28, 2018, approximately 9% of cash and cash equivalents, 35% of accounts receivable and 6%

In millions of United States dollars, except share and per share data, and except as otherwise indicated

of accounts payable and accrued liabilities were denominated in foreign currencies (February 28, 2017 - 8%, 35% and 23%, respectively).

See "Derivative financial instruments" in Note 1 for the Company's accounting policies on these instruments.

As at February 28, 2018 and February 28, 2017, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. The maturity dates of these instruments range from March 2018 to February 2019. As at February 28, 2018, the net unrealized loss on these forward and option contracts (including option premiums paid) was $1 million (February 28, 2017 - net unrealized loss of nil). Unrealized gains associated with these contracts were recorded in other current assets and AOCI. Unrealized losses were recorded in accrued liabilities and AOCI. Option premiums were recorded in AOCI. As at February 28, 2018, the Company estimates that the net unrealized losses including option premiums on forward and option contracts that will be reclassified into income within the next 12 months will be approximately $1 million. For the fiscal years ended February 28, 2018 and February 28, 2017, there were no realized gains or losses on forward contracts that were ineffective upon maturity.

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the year ended February 28, 2018:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ —
Currency option contracts	(1)	Selling, marketing and administration	2
Total	$ (1)		$ 2

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss for the year ended February 28, 2017:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (1)
Currency option contracts	—	Selling, marketing and administration	2
Total	$ —		$ 1

As part of its currency risk management strategy, the Company may maintain net monetary asset and/or liability balances in foreign currencies. The Company enters into foreign exchange forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, euro, and British pound. These contracts are not subject to hedge accounting, and any realized and unrealized gains or losses are recognized in income each period, offsetting the change in the U.S. dollar value of the asset or liability. The maturity dates of these instruments range from March 2018 to May 2018. As at February 28, 2018, there were no net unrealized gains (net of premium paid) recorded in respect of these instruments (February 28, 2017 - net unrealized gains or losses of nil). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration expenses. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration expenses.

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statements of operations for the years ended February 28, 2018 and February 28, 2017:

	Amount of Gain (Loss) in Income on Derivative Instruments

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	February 28, 2018	February 28, 2017
Currency forward contracts	Selling, marketing and administration	$ (9)	$ 1

For information concerning the impact of foreign exchange on the consolidated statement of operations net of the above derivative instruments, see Note 16.

Credit risk

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 28, 2018, the maximum credit exposure to a single counterparty, measured as a percentage of the total fair value of derivative instruments with net unrealized gains, was nil (February 28, 2017 - 100%; February 29, 2016 - 82%). As at February 28, 2018, the Company had a total credit risk exposure across all counterparties with outstanding or unsettled foreign exchange derivative instruments of nil on a notional value of nil (February 28, 2017 - total credit risk exposure of nil on a notional value of $24 million).

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require the outstanding net position of all contracts be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at February 28, 2018, the Company had $1 million in collateral posted with counterparties (February 28, 2017 - no collateral posted or held).

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2018, no single issuer represented more than 19% of the total cash, cash equivalents and investments (February 28, 2017 - no single issuer represented more than 18% of the total cash, cash equivalents and investments), and the largest single issuer was the U.S. Department of the Treasury.

Interest rate risk

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued the 3.75% Debentures (as defined below) as described in Note 10 with a fixed 3.75% interest rate. The fair value of the 3.75% Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the long term of the 3.75% Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

6. CONSOLIDATED BALANCE SHEET DETAILS

Accounts receivable, net

The allowance for doubtful accounts as at February 28, 2018 was $24 million (February 28, 2017 - $12 million).

There was no customer that comprised more than 10% of accounts receivable as at February 28, 2018 (February 28, 2017 - one customer that comprised more than 10%).

Inventories

Inventories comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Raw materials	$ —	$ 4
Work in process	—	1
Finished goods	3	21
	$ 3	$ 26

During fiscal 2018, the Company recorded non-cash, pre-tax charges of nil relating to the write-down of inventory (fiscal 2017 - $150 million; fiscal 2016 - $36 million).

Other current assets

Other current assets include items such as deferred cost of sales and prepaid expenses, among other items, none of which were greater than 5% of the current assets balance in all years presented.

Property, plant and equipment, net

Property, plant and equipment comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Cost		
Buildings, leasehold improvements and other	85	101
BlackBerry operations and other information technology	987	1,070
Manufacturing, repair and research and development equipment	75	87
Furniture and fixtures	10	15
	1,157	1,273
Accumulated amortization	1,093	1,182
Net book value	$ 64	$ 91

For the year ended February 28, 2018, amortization expense related to property, plant and equipment amounted to $36 million (February 28, 2017 - $76 million; February 29, 2016 - $124 million).

Sale, disposal and abandonment of LLA - Property, plant and equipment, net

There were $3 million in losses associated with the sale, disposal and abandonment of property, plant and equipment during the year ended February 28, 2018.

As part of the Company's resource alignment program (the "RAP") as described in Note 8, the Company sold or disposed of a significant amount of property, plant and equipment. The Company incurred losses on the write-down of property, plant and equipment to fair value (as assets held for sale), the sale thereof, or disposal thereof of $171 million for the year ended February 28, 2017 (February 29, 2016 - $195 million).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Intangible assets, net

Intangible assets comprised the following:

	As at February 28, 2018		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 682	$ 512	$ 170
Intellectual property	411	212	199
Other acquired intangibles	197	89	108
	$ 1,290	$ 813	$ 477

	As at February 28, 2017		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 676	$ 446	$ 230
Intellectual property	418	184	234
Other acquired intangibles	197	59	138
	$ 1,291	$ 689	$ 602

Other acquired intangibles include items such as customer relationships and brand.

For the year ended February 28, 2018, amortization expense related to intangible assets amounted to $141 million (February 28, 2017 - $163 million; February 29, 2016 - $492 million).

Total additions to intangible assets in fiscal 2018 amounted to $30 million (fiscal 2017 - $57 million). During fiscal 2018, the additions to intangible assets primarily consisted of payments for intellectual property relating to patent registration, licenses and maintenance fees.

Based on the carrying value of the identified intangible assets as at February 28, 2018, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the succeeding years is expected to be as follows: fiscal 2019 - $120 million; fiscal 2020 - $101 million; fiscal 2021 - $82 million; fiscal 2022 - $54 million; and fiscal 2023 - $20 million.

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

	As at	
	February 28, 2018	February 28, 2017
Acquired technology	3.2 years	3.4 years
Intellectual property	7.0 years	8.5 years
Other acquired intangibles	4.4 years	5.0 years

Impairment of LLA

As discussed in Note 1, during fiscal 2018 the Company recorded an LLA Impairment Charge of $11 million, which was applicable to certain prepaid royalty arrangements associated with the Company’s sale of handheld devices.

During fiscal 2017, the Company recorded the Fiscal 2017 LLA Impairment Charge of $501 million associated with intellectual property within the asset group associated with the Company’s handheld devices business. There were no LLA impairment charges taken in fiscal 2016.

Sale, disposal and abandonment of LLA - Intangible assets, net

The Company conducts regular reviews of the individual patents, both organically generated and acquired, composing its patent portfolio. As a result of this review, for the year ended February 28, 2018, the Company ceased enforcement and abandoned legal right and title to patents with a cost of $16 million, accumulated amortization of $10 million, and a net book value of approximately $6 million (February 28, 2017 - $62 million, $55 million, and $7 million respectively; February 29, 2016 - $592 million, $456 million and $136 million, respectively).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 28, 2018, February 28, 2017 and February 29, 2016 were as follows:

	Carrying Amount
Carrying amount as at February 28, 2015	$ 85
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(7)
Goodwill acquired through business combinations during the year	540
Carrying amount as at February 29, 2016	618
Goodwill Impairment Charge	(57)
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(2)
Carrying amount as at February 28, 2017	559
Effect of foreign exchange on non-U.S. dollar denominated goodwill	10
Carrying amount as at February 28, 2018	$ 569

As discussed in Note 1, the Company recorded the Goodwill Impairment Charge of $57 million during fiscal 2017.

Long-term receivables

The Company's long-term receivables comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Long-term intellectual property licensing receivable	$ 25	$ —
Mortgage receivable	—	7
	$ 25	$ 7

The Company has a long-term intellectual property licensing receivable comprising a series of future amounts owing from a single licensee. As the amounts of the receivable are long-term in nature, the Company initially measured the payments at present value using an effective interest rate of 4.5%, and will record interest income over time to arrive at the total face value of the remaining payments of $27 million.

Accrued liabilities

Accrued liabilities comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Accrued royalties	18	43
Resource Alignment Program liability, current portion	19	18
Variable incentive accrual	40	29
Other	128	150
	$ 205	$ 240

Other accrued liabilities include, among other items, accrued vendor liabilities, accrued carrier liabilities and payroll withholding taxes, among other items, none of which were greater than 5% of the current liabilities balance.

Other long-term liabilities

Other long-term liabilities consists of the present value of accrued future lease payments associated with the Company's Resource Alignment Program (the "RAP") as described in Note 8.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

7. BUSINESS ACQUISITIONS

There were no business acquisitions during fiscal 2018.

In fiscal 2017, the Company paid consideration of $5 million in cash to acquire certain intellectual property and employees of a company, which constituted a business. The Company allocated $4.5 million to intellectual property and $0.5 million to goodwill. The operating results of the acquired business have been included in the years ended February 28, 2018 and February 28, 2017, and are immaterial to the Company's operating results.

8. RESTRUCTURING AND INTEGRATION

Resource Alignment Program

During fiscal 2016, the Company commenced the RAP for its device software, hardware and applications business with the objectives of reallocating Company resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability. 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 RAP liability for fiscal 2018 and fiscal 2017:

	Employee Termination Benefits	Facilities Costs	Other Charges[1]	Total
Balance as at February 29, 2016	$ 12	$ 26	$ —	$ 38
Charges incurred	15	16	31	62
Cash payments made	(18)	(15)	(31)	(64)
Balance as at February 28, 2017	9	27	—	36
Charges incurred	12	26	29	67
Cash payments made	(20)	(14)	(27)	(61)
Balance as at February 28, 2018	$ 1	$ 39	$ 2	$ 42
Current portion	$ 1	$ 16	$ 2	$ 19
Long-term portion	—	23	—	23
	$ 1	$ 39	$ 2	$ 42

[1] Other charges consist of costs associated with redundant systems from acquisitions that are being integrated into a single solution, and the effect of foreign exchange.

The RAP charges included employee termination benefits, facilities and manufacturing network simplification costs as well as integration costs related to the transition and alignment of facilities and systems to the Company's focus on its enterprise software business. Total charges, including non-cash charges incurred in fiscal 2018 and fiscal 2017, were as follows:

	For the Years Ended	
	February 28, 2018	February 28, 2017
Cost of sales	$ 11	$ 25
Research and development	5	4
Selling, marketing and administration	62	235
Total RAP charges	$ 78	$ 264

As discussed in Note 6, the Company completes reviews of the individual patents, both organically generated and acquired, comprising its patent portfolio. As a result of this review, the Company ceased enforcement and abandoned legal right and title to a number of patents. As part of the RAP, the Company classified certain of the charges associated with the selective abandonment of certain patents as restructuring activities, incurring a charge of approximately $4 million for fiscal 2018 (fiscal 2017 - $4 million). The abandonment charges are included in the loss on sale, disposal and abandonment of long-lived assets line of the Company's consolidated statements of operations.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

As part of the RAP, the Company decided to sell its data center assets to drive cost savings and efficiencies in the Company. The Company realized a loss on sale of approximately $165 million in fiscal 2017 in relation to the sale of these assets. The loss on sale has been included in the loss on sale, disposal and abandonment of long-lived assets line of the Company's consolidated statements of operations and included in the total RAP charges.

9. INCOME TAXES

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Statutory Canadian tax rate	26.5%	26.6%	26.6%
Expected provision for (recovery of) income taxes	$ 108	$ (320)	$ (75)
Differences in income taxes resulting from:			
Valuation allowance	(169)	302	58
Investment tax credits	(3)	(20)	(29)
Canadian tax rate differences	—	1	2
Change in unrecognized income tax benefits	8	28	(9)
Foreign tax rate differences	(6)	6	6
Effect of adjustments to deferred tax amounts for enacted changes resulting from U.S. tax reform	67	—	—
Other differences	(5)	1	6
Withholding tax on unremitted earnings	1	—	(33)
	$ 1	$ (2)	$ (74)

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Income (loss) before income taxes:			
Canadian	$ 413	$ (1,301)	$ (278)
Foreign	(7)	93	(4)
	$ 406	$ (1,208)	$ (282)

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Current			
Canadian	$ 1	$ (3)	$ (10)
Foreign	7	(33)	38
Deferred			
Canadian	—	—	(35)
Foreign	(7)	34	(67)
	$ 1	$ (2)	$ (74)

In millions of United States dollars, except share and per share data, and except as otherwise indicated

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

	As at	
	February 28, 2018	February 28, 2017
Assets		
Property, plant, equipment and intangibles	$ 190	$ 180
Non-deductible reserves	48	103
Minimum taxes	265	264
Convertible Debentures (see Note 10)	47	12
Research and development	286	259
Tax loss carryforwards	307	503
Other	94	81
Deferred income tax assets	1,237	1,402
Valuation allowance	1,221	1,361
Deferred income tax assets net of valuation allowance	16	41
Liabilities		
Property, plant, equipment and intangibles	(19)	(50)
Withholding tax on unremitted earnings	—	—
Deferred income tax liabilities	(19)	(50)
Net deferred income tax asset (liability)	$ (3)	$ (9)
Deferred income tax asset	$ 3	$ —
Deferred income tax liability	(6)	(9)
	$ (3)	$ (9)

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 2018. In fiscal 2018, the Company was able to utilize a portion of its deferred tax assets resulting in a reduction in the deferred tax valuation allowance of $169 million (February 28, 2017 - increase of $302 million). As a result, the deferred tax valuation allowance had an ending balance of $1,221 million (February 28, 2017 - $1,361 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, 2018 and February 28, 2017 were $73 million and $65 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, 2018	February 28, 2017	February 29, 2016
Unrecognized income tax benefits, opening balance	$ 65	$ 37	$ 11
Increase for income tax positions of prior years	4	28	—
Increase for income tax positions of current year	4	—	34
Settlement of tax positions	—	—	(8)
Other	—	—	—
Unrecognized income tax benefits, ending balance	$ 73	$ 65	$ 37

In millions of United States dollars, except share and per share data, and except as otherwise indicated

As at February 28, 2018, $58 million of the unrecognized tax benefits have been netted against deferred income taxes and $15 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 2010 - 2018
United States[2]	Fiscal 2015 - 2018
United Kingdom	Fiscal 2017 - 2018

(1) Includes federal as well as provincial jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2014 through fiscal 2018.

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 $16 million 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 (loss). The amount of interest accrued as at February 28, 2018 was approximately $2 million (February 28, 2017 - approximately $2 million). The amount of penalties accrued as at February 28, 2018 was nominal (February 28, 2017 - nominal).

As at February 28, 2018, 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	Capital Losses	Research and Development Tax Credits[1]	Minimum Taxes
2029	$ 11	$ —	$ —	$ 1
2030	—	—	4	109
2031	50	—	6	128
2032	86	—	3	27
2033	92	—	110	—
2034	80	—	106	—
2035	2	—	52	—
2036	341	—	41	—
2037	352	—	22	—
2038	184	—	13	—
Indefinite	—	30	14	—
	$ 1,198	$ 30	$ 371	$ 265

(1) Includes federal, provincial and state balances.

On December 22, 2017, the United States enacted tax reform legislation through the Tax Cuts and Jobs Act (the "Tax Act"). This significantly changed U.S. tax laws in a number of ways, including but not limited to, reducing the corporate tax rate from 35% to 21% and moving from a worldwide tax system to a territorial system.

In reporting periods before the adoption of the Tax Act, the Company's intent was not to repatriate foreign earnings; therefore deferred tax was not recorded since it was not probable it would reverse in the foreseeable future. As a result of the enactment of the legislation, the Company incurred a current tax expense of nil in one-time transition tax on deemed mandatory repatriation of earnings.

As a result of other Tax Act changes, the Company re-assessed the recognition of certain of its deferred tax assets and as a result, recorded an additional tax recovery of $3 million.

In addition, the Company's U.S. deferred tax assets and liabilities have been remeasured using a federal tax rate of 21%. Included in deferred income tax expense for changes in enacted rate is a $67 million expense which is fully offset by a $67 million tax recovery for a corresponding decrease in the valuation allowance related to the above mentioned deferred tax assets and liabilities.

The Tax Act requires complex computations to be performed that were not previously required under U.S. tax law, judgments to be made in interpretation of the provisions of the Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced. The U.S. Treasury Department, the Internal Revenue Service, and other standard-setting bodies could interpret or issue guidance on how provisions of the Tax Act will be applied or otherwise administered that is different from the Company's interpretation. At this time, the Company made its best estimate on each aspect of the tax law changes. As the Company completes its analysis, collects and prepares necessary data, and interprets any additional guidance, the Company may make changes to its estimates on a prospective basis.

10. LONG-TERM DEBT

3.75% Convertible Debentures

On September 7, 2016, Fairfax Financial Holdings Limited ("Fairfax") and other institutional investors invested in the Company through a private placement of new debentures in an aggregate amount of $605 million (the "3.75% Debentures"), which partially replaced $1.25 billion aggregate principal amount of debentures issued in a private placement in fiscal 2014 (the "6% Debentures") as described below (collectively, the "Debentures").

Interest on the 3.75% Debentures is payable quarterly in arrears at a rate of 3.75% per annum. The 3.75% Debentures mature on November 13, 2020, and each $1,000 of Debentures is convertible at any time into 100 common shares of the Company, for a total of 60.5 million common shares at a price of $10.00 per share for all 3.75% Debentures, subject to adjustments. Covenants associated with the 3.75% Debentures include limitations on the Company's total indebtedness.

Under specified events of default, the outstanding principal and any accrued interest on the 3.75% Debentures become immediately due and payable upon request of holders holding not less than 25% of the principal amount of the Debentures then outstanding. During an event of default, the interest rate rises to 7.75% per annum.

The 3.75% Debentures are subject to a change of control provision whereby the Company would be required to make an offer to repurchase the 3.75% Debentures at 115% of par value if a person or group (not affiliated with Fairfax) acquires 35% of the Company's outstanding common shares, acquires all or substantially all of its assets, or if the Company merges with another entity and the Company's existing shareholders hold less than 50% of the common shares of the surviving entity.

As of February 28, 2018, the fair value of the 3.75% Debentures was determined to be $782 million. The difference between the fair value of the 3.75% Debentures and the unpaid principal balance of $605 million is $177 million. The fair value of the 3.75% Debentures is measured using Level 2 fair value inputs.

The Company recorded total non-cash charges associated with the change in the fair value of the 3.75% Debentures of $191 million in fiscal 2018. The Company recorded non-cash income associated with the change in the fair value of the 3.75% Debentures of $14 million in fiscal 2017. With the charges associated with the change in the fair value of the 6% Debentures of $38 million as described below, the Company recorded total charges associated with the change in the Debentures of $24 million in fiscal 2017 (the "Fiscal 2017 Debentures fair value adjustments"). Non-cash income associated with the change in the fair value of the 6% Debentures was $430 million in fiscal 2016 (the “Fiscal 2016 Debentures fair value adjustments”). These adjustments are included on their own line of the Company’s consolidated statements of operations. For a description of how the adoption of ASU 2016-01 will affect the recording of the fair value of the Debentures, see Note 2.

The Company recorded interest expense related to the Debentures of $23 million, which has been included in investment income (loss) on the Company's consolidated statements of operations in fiscal 2018 (fiscal 2017 - $48 million; fiscal 2016 - $75 million). The Company is required to make quarterly interest-only payments of approximately $6 million during the remaining term the 3.75% Debentures are outstanding.

Fairfax, a related party under U.S. GAAP, owned $500 million principal amount of the 6% Debentures and also purchased $500 million principal amount of the 3.75% Debentures. As such, the redemption of Fairfax's portion of the 6% Debentures, the investment by Fairfax in the 3.75% Debentures and the payment of interest on the 3.75% Debentures represent related-party transactions. Fairfax receives interest at the same rate as other Debenture holders.

6% Convertible Debentures

In fiscal 2014, the Company issued $1.25 billion of 6% Debentures. The terms of the 6% Debentures were substantially similar to those of the 3.75% Debentures, except for an interest rate of 6%, and the Company had an option to redeem the 6% Debentures after November 13, 2016 at specified redemption prices in specified periods.

As at February 28, 2016, the fair value of the 6% Debentures was $1.28 billion. The Company recorded non-cash charges associated with the change in the fair value of the 6% Debentures of $38 million in fiscal 2017 prior to the redemption as described below.

On August 4, 2016, the Company announced that the Toronto Stock Exchange had accepted notice of the Company's normal course issuer bid to purchase up to $125 million principal amount of the outstanding 6% Debentures, representing 10% of the outstanding 6% Debentures as at July 31, 2016. During the second quarter of fiscal 2017, the Company repurchased and canceled approximately $5.0 million principal amount of 6% Debentures for approximately $5.3 million.

On August 26, 2016, the Company announced that, with the approval of the holders of the 6% Debentures, the indenture governing the 6% Debentures had been amended to permit optional redemption by the Company prior to November 13, 2016, the first date the Company would have otherwise been able to redeem the 6% Debentures. The Company announced that it would redeem the 6% Debentures for a redemption amount of approximately $1.33 billion (the "Redemption Amount", which included approximately $19 million in accrued interest), which would settle all outstanding obligations of the Company in respect of the 6% Debentures. The redemption was completed on September 2, 2016. As the Company accounted for the 6% Debentures at fair value, the impact to the consolidated statements of operations of the redemption was recorded in the second quarter of fiscal 2017, as the Redemption Amount represented the fair value of the 6% Debentures at August 31, 2016.

11. CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. As at February 28, 2018 and February 28, 2017, there were no Class A common shares or preferred shares outstanding.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

The following details the changes in issued and outstanding common shares for the years ended February 28, 2018, February 28, 2017 and February 29, 2016:

	Capital Stock and Additional Paid-in Capital	
	Stock Outstanding (000's)	Amount
Common shares outstanding as at February 28, 2015	528,802	$ 2,444
Exercise of stock options	402	3
Common shares issued for RSU settlements	4,320	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Share repurchase	(12,607)	(59)
Common shares issued for employee share purchase plan	183	1
Common shares issued on the redemption of deferred share units	72	—
Common shares outstanding as at February 29, 2016	521,172	2,448
Exercise of stock options	131	1
Common shares issued for RSU settlements	8,689	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Common shares issued for employee share purchase plan	505	4
Common shares outstanding as at February 28, 2017	530,497	2,512
Exercise of stock options	536	4
Common shares issued for RSU settlements	7,258	—
Stock-based compensation	—	49
Share repurchase	(1,992)	(9)
Common shares issued for employee share purchase plan	435	4
Common shares outstanding as at February 28, 2018	536,734	$ 2,560

The Company had 537 million voting common shares outstanding, 1 million options to purchase voting common shares, 15 million RSUs and 0.7 million DSUs outstanding as at March 26, 2018.

On June 23, 2017, the Company announced that it received acceptance from the Toronto Stock Exchange with respect to a normal course issuer bid to purchase for cancellation up to 31 million common shares of the Company, or approximately 6.4% of the outstanding public float at May 31, 2017. During Fiscal 2018, the Company repurchased approximately 2 million common shares at a cost of approximately $18 million. The Company recorded a reduction of approximately $9 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of approximately $9 million was charged to deficit. All common shares repurchased by the Company pursuant to the normal course issuer bid have been canceled.

During fiscal 2017, the Company did not repurchase any common shares.

On May 6, 2015, the Board authorized a share repurchase program to purchase for cancellation up to 12 million common shares of the Company, or approximately 2.5% of the outstanding public float as of June 22, 2015. This was subsequently increased to 27 million common shares, or 5.8% of the public float as of June 22, 2015. During fiscal 2016, the Company repurchased 13 million common shares at a cost of approximately $93 million. The Company recorded a reduction of approximately $59 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares repurchased of approximately $34 million was charged to retained earnings. All common shares repurchased by the Company were canceled. The common share repurchase program that the Company commenced on June 29, 2015 expired on June 28, 2016.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

(b) Stock-based compensation

Stock options

The Company recorded a charge to income and a credit to paid-in-capital of approximately $1 million in fiscal 2018 (fiscal 2017 - $1 million; fiscal 2016 - $1 million) in relation to stock option-based compensation expense.

The Company has presented excess tax deficiencies from the exercise of stock option-based compensation awards as a financing activity in the consolidated statements of cash flows.

Stock options previously granted under the Equity Plan generally vest over a period of three years, and are generally exercisable over a period of five years from the grant date. The Company issues new shares to satisfy stock option exercises. There are approximately 22 million shares in the equity pool available for future grants under the Equity Plan as at February 28, 2018.

A summary of option activity since February 28, 2015 is shown below:

	Options Outstanding			
	Number (000's)	Weighted Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	1,486	$ 9.34		
Granted during the year	772	6.30		
Exercised during the year	(402)	6.09		
Forfeited/canceled/expired during the year	(382)	14.45		
Balance as at February 29, 2016	1,474	7.01		
Granted during the year	673	7.96		
Exercised during the year	(131)	6.14		
Forfeited/canceled/expired during the year	(393)	7.44		
Balance as at February 28, 2017	1,623	7.46		
Exercised during the year	(536)	7.31		
Forfeited/canceled/expired during the year	(225)	7.68		
Balance as at February 28, 2018	862	$ 7.57	3.45	$ 4
Vested and expected to vest as at February 28, 2018	834	$ 7.58	3.43	$ 4
Exercisable as at February 28, 2018	411	$ 7.69	2.85	$ 2

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been received by the option holders if all in-the-money options had been exercised on February 28, 2018. The intrinsic value of stock options exercised during fiscal 2018, calculated using the average market price during the year, was approximately $2.89 per share.

A summary of unvested stock options since February 28, 2017 is shown below:

	Options Outstanding	
	Number (000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2017	1,020	$ 2.55
Vested during the year	(421)	2.68
Forfeited during the year	(148)	2.66
Balance as at February 28, 2018	451	$ 2.40

As at February 28, 2018, there was $1 million of unrecognized stock-based compensation expense related to unvested stock options that will be expensed over the vesting period, which, on a weighted average basis, results in a period of approximately 1.24 years. The total fair value of stock options vested during the year ended February 28, 2018 amounted to $1 million (February 28, 2017 - $1 million, February 29, 2016 - $2 million).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Cash received from the stock options exercised for the year ended February 28, 2018 amounted to $4 million (February 28, 2017 - $1 million; February 29, 2016 - $3 million). There were no tax deficiencies incurred by the Company related to stock options exercised at February 28, 2018 (February 28, 2017 – tax deficiency of nil; February 29, 2016 – tax deficiency of nil).

During the year ended February 28, 2018, there were no stock options granted (February 28, 2017 - 672,712; February 29, 2016 - 772,056). The weighted average fair value of these grants was calculated using the BSM option pricing model with the following assumptions:

	February 28, 2018	February 28, 2017	February 29, 2016
Weighted average grant date fair value of stock options granted during the period	$ —	$ 2.36	$ 2.49
Assumptions:			
Risk-free interest rates	—%	0.92%	1.00%
Expected life in years	0.00	3.52	3.38
Expected dividend yield	—%	—%	—%
Volatility	—%	38.86%	54.60%

The Company has no current expectation of paying cash dividends on its common shares. The risk-free interest rates utilized during the life of the stock options are based on a U.S. Treasury security for an equivalent period. The Company estimates the volatility of its common shares at the date of grant based on a combination of the implied volatility of publicly traded options on its common shares and historical volatility, as the Company believes that this is a reasonable indicator of expected volatility going forward. The expected life of stock options granted under the Equity Plan is based on historical exercise patterns, which the Company believes are representative of future exercise patterns.

Restricted Share Units

The Company recorded compensation expense with respect to RSUs of approximately $48 million in the year ended February 28, 2018 (February 28, 2017 - $59 million; February 29, 2016 - $59 million).

A summary of RSU activity since February 28, 2015 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	26,001	$ 7.84		
Granted during the year	8,986	7.20		
Vested during the year	(4,320)	8.75		
Forfeited/cancelled during the year	(2,997)	8.84		
Balance as at February 29, 2016	27,670	7.38		
Granted during the year	5,126	7.77		
Vested during the year	(8,691)	7.69		
Forfeited/cancelled during the year	(3,273)	7.94		
Balance as at February 28, 2017	20,832	7.26		
Granted during the year	3,503	10.84		
Vested during the year	(7,258)	7.43		

Forfeited/cancelled during the year	(2,145)		8.22			
Balance as at February 28, 2018	14,932	$	7.87	1.12	$	181
Vested and expected to vest February 28, 2018	14,157	$	7.81	1.10	$	172

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, 2018, that would have been received by RSU holders if all RSUs had been vested on February 28, 2018).

Tax deficiencies incurred by the Company related to the RSUs vested were nil for the year ended February 28, 2018 (February 28, 2017 - tax deficiency of $1 million; February 29, 2016 - tax deficiency of $1 million).

As at February 28, 2018, there was $63 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 1.12 years.

During the year ended February 28, 2018, there were 3,502,755 RSUs granted (February 28, 2017 - 5,126,346), all of which will be settled upon vesting by the issuance of new common shares.

Deferred Share Units

The Company issued 129,015 DSUs in the year ended February 28, 2018. There were 0.7 million DSUs outstanding as at February 28, 2018 (February 28, 2017 - 0.5 million). The Company had a liability of $8.2 million in relation to the DSU Plan as at February 28, 2018 (February 28, 2017 - $3.8 million) included in accrued liabilities.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

12. 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, 2018	February 28, 2017	February 29, 2016
Net income (loss) for basic and diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (208)
Less: Debentures fair value adjustment [1] [2]	—	—	(430)
Add: interest expense on Debentures [1] [2]	—	—	75
Net income (loss) for diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (563)
Weighted average number of shares outstanding (000's) - basic and diluted [2][3]	532,888	525,265	526,303
Effect of dilutive securities (000's)			
Stock-based compensation [3] [4]	12,998	—	—
Conversion of Debentures [1] [2]	—	—	125,000
Weighted average number of shares and assumed conversions (000's) - diluted	545,886	525,265	651,303
Earnings (loss) per share - reported			
Basic	$ 0.76	$ (2.30)	$ (0.40)
Diluted	$ 0.74	$ (2.30)	$ (0.86)

[1] The Company has not presented the dilutive effect of the Debentures using the if-converted method in the calculation of diluted earnings (loss) per share for the years ended February 28, 2018 and February 28, 2017, as to do so would be antidilutive. See Note 10 for details on the Debentures.

[2] The Company has presented the dilutive effect of the 6% Debentures using the if-converted method, assuming conversion at the beginning of fiscal 2016 for the year ended February 28, 2016. Accordingly, to calculate diluted earnings (loss) per share, the Company adjusted net loss by eliminating the Fiscal 2016 Debentures fair value adjustments and interest expense incurred on the 6% Debentures in the year ended February 29, 2016, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 10 for details on the 6% Debentures.

[3] The Company has not presented the dilutive effect of in-the-money options or RSUs that will be settled upon vesting by the issuance of new common shares in the calculation of diluted earnings (loss) per share for the years ended February 28, 2017 and February 29, 2016, 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 earnings (loss) per share for the year ended February 28, 2018. As at February 28, 2018, there were 790,918 options and 14,068,069 RSUs outstanding that were in-the-money and may have a dilutive effect on earnings (loss) per share in future periods.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive loss are as follows:

	As at		
	February 28, 2018	February 28, 2017	February 29, 2016
Accumulated net unrealized gains (losses) on available-for-sale investments	$ (7)	$ (4)	$ 3

Accumulated net unrealized losses on derivative instruments designated as cash flow hedges, net of tax	(1)	—	(1)
Foreign currency cumulative translation adjustment	(1)	(13)	(10)
Actuarial losses associated with other post-employment benefit obligations	(1)	—	—
Accumulated other comprehensive loss	$ (10)	$ (17)	$ (8)

In millions of United States dollars, except share and per share data, and except as otherwise indicated

During the year ended February 28, 2018, $2 million in gains (pre-tax and post-tax) associated with cash flow hedges were reclassified from AOCI into selling, marketing and administration expenses. For details concerning the impact of the adoption of ASU 2016-01 on AOCI, see Note 2.

14. COMMITMENTS AND CONTINGENCIES

(a) Credit facility and letters of credit

The Company has $33 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See the discussion of restricted cash in Note 3.

(b) Qualcomm arbitration award

On April 20, 2016, the Company and Qualcomm Incorporated ("Qualcomm") entered into an agreement to arbitrate a dispute regarding whether Qualcomm's agreement to cap certain royalties applied to payments made by the Company under a license between the parties. The binding arbitration hearing was held from February 27, 2017 to March 3, 2017 under the Judicial Arbitration and Mediation Services rules in San Diego, California. On April 11, 2017, the arbitration panel issued an interim decision, finding in favour of the Company. Subsequently, the Company reached an agreement with Qualcomm resolving all amounts payable in connection with the interim arbitration decision. Following a joint stipulation by the parties, the arbitration panel issued a final award on May 26, 2017 providing for the payment by Qualcomm to the Company of a total amount of $940 million including interest and attorneys' fees, which was net of $22 million in certain royalties owed by the Company to Qualcomm for calendar 2016 and the first quarter of calendar 2017 previously recorded within accrued liabilities on the consolidated balance sheets.

Approximately $815 million of the arbitration award represents the return of royalty overpayments. This amount was recorded within Arbitration awards, net on the consolidated statements of operations in the first quarter of fiscal 2018. The Company also recorded on the consolidated statements of operations, recoveries of legal expenses of approximately $8 million included in selling, marketing and administration, and $139 million of interest income within investment income (loss), net, for a total gain associated with the award of $962 million.

(c) Nokia arbitration decision

On April 28, 2016, Nokia Corporation ("Nokia") filed a Request for Arbitration with the International Chamber of Commerce International Court of Arbitration. The dispute related to whether certain payments due under a patent agreement between the parties were in fact owed under the terms of the agreement. An arbitration hearing was held May 8-9, 2017 in New York and on November 29, 2017, the arbitration panel issued a decision, finding in favour of Nokia and awarding it approximately $137 million. On December 12, 2017, Nokia submitted a Petition for Correction to the arbitrators requesting correction of a computational error in the amount of pre-award interest provided for in the original award. On January 31, 2018, the arbitrators issued an addendum correcting this error. As a result, the Company recorded $148 million in charges associated with the arbitration, consisting of $132 million within Arbitration awards, net and $16 million in interest expense within investment income (loss), net on the consolidated statements of operations.

(d) Lease commitments

The Company is committed to future minimum annual lease payments related to real estate operating leases as follows:

For the fiscal years ending:		
2019	$	33
2020		28
2021		18
2022		15

2023		15
Thereafter		29
	$	138

For the year ended February 28, 2018, the Company incurred rental expense of $32 million (February 28, 2017 - $37 million; February 29, 2016 - $45 million).

(e) 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, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in the Company's unaudited Annual Information Form for the fiscal year ended February 28, 2018, which is included in the Company's Annual Report on Form 40-F, including the risk factors entitled "Litigation against the Company may result in adverse outcomes" and "The Company could be found to have infringed on the intellectual property rights of others".

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 determinable 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, 2018, with the exception noted below relating to the GTC Lawsuit (as defined below), there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable; therefore, no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result; however, an estimate of the amount of loss cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent that has allegedly been infringed; 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 (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the Company is a labour-intensive and highly technical process); 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.

Though they do not meet the test for accrual described above, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

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.

On March 14, 2014, the four putative U.S. class actions were consolidated in the U.S. District Court for the Southern District of New York, and on May 27, 2014, a consolidated amended class action complaint was filed. On March 13, 2015, the Court issued an order granting the Company's motion to dismiss. The Court denied plaintiffs' motion for reconsideration and for leave to file an amended complaint on November 13, 2015. On August 24, 2016, the U.S. Court of Appeals for the Second Circuit affirmed the District Court order dismissing the complaint, but vacated the order denying leave to amend and remanded to the District Court for further proceedings in connection with plaintiffs' request for leave to amend. The Court granted the plaintiffs' motion for leave to amend on September 13, 2017. The plaintiffs filed a second consolidated amended class action complaint (the "Second Amended Complaint"), which added the Company's Chief Legal Officer as a defendant, on September 29, 2017. The Court denied the motion to dismiss the Second Amended Complaint on March 19, 2018.

On July 23, 2014, the plaintiffs in the putative Ontario class action filed a motion for certification and leave to pursue statutory misrepresentation claims. On November 16, 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 January 22, 2016, the court postponed the hearing on the plaintiffs' certification motion to an undetermined date after asking the Company to file a motion to dismiss the claims of the U.S. plaintiffs for forum non conveniens. Briefing is complete and the parties are waiting for a hearing date from the Court. Trial court proceedings are on hold until all appeals related to the order granting the plaintiffs' motion for leave to amended are exhausted.

On October 12, 2015, a group of Good's institutional investors filed a putative class action lawsuit on behalf of Good's common shareholders against members of Good's former board of directors (the "GTC Directors") related to the Company's acquisition of Good (the "GTC Lawsuit"). The plaintiffs allege that the GTC Directors breached their fiduciary duty by engaging in a self-interested transaction that benefited the preferred shareholders at the expense of the common shareholders. The plaintiffs are seeking monetary damages, as well as rescission of the merger agreement between Good and the Company. While neither Good nor the Company are parties to the GTC Lawsuit, Good has certain obligations to indemnify some of the defendants and is providing a defense. On October 29, 2015, Good filed a complaint alleging that the plaintiffs breached their contractual obligations under a voting agreement providing that, in the event of a sale transaction that was approved by both the GTC Directors and a majority of the Good preferred shareholders, the plaintiffs were required to vote their shares in favour of the transaction and refrain from exercising any appraisal or dissent rights (the “Voting Rights Lawsuit”). Good alleges that the filing of the GTC Lawsuit was a breach of the voting agreement. On December 31, 2015, several Good shareholders filed a petition seeking appraisal against Good (the “Appraisal Lawsuit”). On August 25, 2016, the Court granted the plaintiff’s motion for leave to file an amended complaint in the GTC Lawsuit naming additional defendants, including JP Morgan Chase and various venture capital funds whose designees were Good directors (the “Fund Defendants”). Good and the Company are not named in the amended complaint. On May 23, 2017, the plaintiffs reached a tentative settlement with the GTC Directors and Fund Defendants of the GTC Lawsuit. On May 31, 2017, the plaintiffs and JP Morgan Chase reached a tentative settlement of the GTC Lawsuit. On July 24, 2017, Good, the Petitioners in the Appraisal Lawsuit and the defendants in the Voting Rights Lawsuit entered into an Agreement of Settlement, Dismissal, and Release and filed same with the court. On August 8, 2017, the Court issued an order granting the parties’ settlement terms. On August 18, 2017, the Company and JP Morgan Chase entered into a Settlement Funding Agreement, by which the Company agreed to fund JP Morgan Chase’s settlement with plaintiffs. On August 22, 2017, JP Morgan Chase and the plaintiffs filed a Stipulation and Agreement of Compromise and Settlement with the Court. On November 9, 2017, the Company filed a demand for arbitration seeking the release of funds from an escrow fund account established when the Company acquired Good to indemnify the Company for certain costs incurred in connection with the defense and settlement of the GTC Lawsuit and the Appraisal Lawsuit. The arbitration hearing is scheduled for September 10-12, 2018.

The GTC Lawsuit is stayed pending court approval of all tentative settlements. During the first quarter of fiscal 2018, the Company accrued $10 million for legal costs related to litigation arising out of its acquisition of Good.

(f) Concentrations in certain areas of the Company’s business

The Company attempts to ensure that most components essential to the Company’s business are generally available from multiple sources; however, certain components are currently obtained from limited sources within a competitive market, which subjects the Company to significant supply, availability and pricing risks. The Company has also entered into various agreements for the supply of components, the manufacturing of its products and agreements that allow the Company to use intellectual property owned by other companies; however, there can be no guarantee that the Company will be able to extend or renew these agreements on similar terms, or at all. Therefore, the Company remains subject to risks of supply shortages and intellectual property litigation risk.

(g) 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 which could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of its current and former directors and executive officers. The Company has not encountered material costs as a result of such indemnifications in fiscal 2018. See the Company’s Management Information Circular for fiscal 2017 for additional information regarding the Company’s indemnification agreements with its current and former directors and executive officers.

15. SEGMENT DISCLOSURES

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by the CODM for making decisions and assessing performance as a source of the Company's reportable operating segments. In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on software and services that secure, manage and connect the Enterprise of Things, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its SAF. As a result, the CODM, who is the Chief Executive Officer of the Company, now reviews financial information, makes decisions and assesses the performance of the Company as a single operating segment.

Revenue, classified by major geographic regions in which the Company's customers are located, was as follows:

	For the Years Ended					
	February 28, 2018		February 28, 2017		February 29, 2016	
North America [1]	540	58.0%	659	50.3%	893	41.3%
Europe, Middle East and Africa	278	29.8%	461	35.2%	857	39.7%
Latin America	15	1.6%	35	2.7%	135	6.3%
Asia Pacific	99	10.6%	154	11.8%	275	12.7%
	$ 932	100.0%	$ 1,309	100.0%	$ 2,160	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.

In millions of United States dollars, except share and per share data, and except as otherwise indicated

Total revenues, classified by product and service type, were as follows:

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Enterprise software and services	$ 388	$ 345	$ 211
BlackBerry Technology Solutions	163	151	135
Licensing, IP and other	196	126	151
Handheld devices	64	374	884
SAF	121	313	779
	$ 932	$ 1,309	$ 2,160

Enterprise software and services includes revenues from the Company's security, productivity, collaboration and end-point management solutions through the BlackBerry Secure platform, which includes BlackBerry Unified Endpoint Manager (UEM), BlackBerry Dynamics, BlackBerry Workspaces and BBM Enterprise, among other products and applications, as well as revenues from the sale of the Company's AtHoc Alert secure networked crisis communications solution, its Secusmart SecuSUITE secure voice and text solution, and professional services from BlackBerry Cybersecurity Services.

BlackBerry Technology Solutions includes revenues from the Company's QNX CAR Platform and Neutrino Operating System, among other BlackBerry QNX products, as well as revenues from the Company's BlackBerry Radar asset tracking solution, Paratek antenna tuning technology, and Certicom cryptography and key management products.

Licensing, IP and other includes revenues from the Company's mobility licensing software arrangements, including revenue from licensed hardware sales and intellectual property licensing, and from the Company's BBM Consumer licensing arrangement.

Handheld devices includes revenues from the sale of the DTEK60 and all prior BlackBerry smartphone models to carriers and distributors, accessories and repair services of handheld devices.

SAF includes revenues associated with the Company's legacy SAF business, relating to subscribers utilizing the Company's legacy BlackBerry 7 and prior operating systems, as well as revenues relating to unspecified future software upgrade rights for devices sold by the Company.

Property, plant and equipment, intangible assets and goodwill, classified by geographic segments in which the Company's assets are located, was as follows:

	As at			
	February 28, 2018		February 28, 2017	
	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets
Canada	$ 257	$ 481	$ 312	$ 526
United States	772	3,058	871	2,490
Other	81	241	69	280
	$ 1,110	$ 3,780	$ 1,252	$ 3,296

Information about major customers

There were no customers that comprised more than 10% of the Company’s revenue in fiscal 2018 (fiscal 2017 - no customers that comprised more than 10%; fiscal 2016 - no customers that comprised more than 10%).

In millions of United States dollars, except share and per share data, and except as otherwise indicated

16. 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, 2018	February 28, 2017	February 29, 2016
Interest paid during the year	$ 39	$ 48	$ 75
Income taxes paid during the year	6	10	30
Income tax refunds received during the year	7	19	172

(b) Additional information

Advertising expense, which includes media, agency and promotional expenses totaling $23 million (February 28, 2017 - $38 million; February 29, 2016 - $102 million) is included in selling, marketing and administration expenses for the fiscal year ended February 28, 2018.

Selling, marketing and administration expenses for the fiscal year ended February 28, 2018 included nil with respect to foreign exchange losses (February 28, 2017 - losses of $4 million; February 29, 2016 - losses of $12 million).

BLACKBERRY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND FISCAL YEAR ENDED FEBRUARY 28, 2018

March 28, 2018

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the audited consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of BlackBerry Limited (the "Company" or "BlackBerry"), for the fiscal year ended February 28, 2018**.** The Consolidated Financial Statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All financial information in this MD&A is presented in U.S. dollars, unless otherwise indicated.

The Company has prepared this MD&A with reference to *National Instrument 51-102* "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which are different from those of the United States. This MD&A provides information for the fiscal year ended February 28, 2018 and up to and including March 28, 2018.

Additional information about the Company, including the Company's Annual Information Form for the fiscal year ended February 28, 2018 (the "AIF"), which is included in the Company's Annual Report on Form 40-F for the fiscal year ended February 28, 2018 (the "Annual Report"), can be found on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This MD&A 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 the anticipated benefits of its strategic initiatives and its intentions to grow revenue and increase and enhance its product and service offerings;
- the Company's expectations regarding its free cash flow, non-GAAP gross margin, intellectual property licensing revenue, restructuring costs, non-GAAP earnings per share and total software and services billings growth for fiscal 2019;
- the Company's expectations regarding the impact of the adoption of Accounting Standards Codification 606;
- the Company's expectations of recovering the amount of its Settlement Funding Arrangement with JP Morgan Chase from escrow relating to the acquisition of Good Technologies ("Good");
- 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 MD&A, including in the sections entitled "Business Overview - Strategy, Products and Services", "Accounting Policies and Critical Accounting Estimates - Recently Issued Accounting Pronouncements - Accounting Standards Codification 606", "Fiscal 2018 Summary Results of Operations - Financial Highlights - Free Cash Flow", "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Consolidated Gross Margin" "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Revenue by Product and Service, "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Operating Expenses", "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Net Income (Loss)", Financial Condition - Liquidity and Capital Resources - Current Assets" and "Financial Condition - Debenture Financing and Other Funding Sources". 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, and the Company's expectations regarding its financial performance. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, most of which are discussed in greater detail in the "Risk Factors" section of the AIF, which is included in the Annual Report, and the following:

- the Company's ability to enhance, develop, introduce or monetize products and services for the enterprise market in a timely manner with competitive pricing, features and performance;
- the Company's ability to maintain or expand its customer base for its software and services offerings to grow revenue or achieve sustained profitability;
- the intense competition faced by the Company;
- the occurrence or perception of a breach of the Company's network or product security measures, or an inappropriate disclosure of confidential or personal information;
- risks related to the Company's continuing ability to attract new personnel, retain existing key personnel and manage its staffing effectively;
- the Company's dependence on its relationships with resellers and distributors;
- the risk that network disruptions or other business interruptions could have a material adverse effect on the Company's business and harm its reputation;
- risks related to acquisitions, divestitures, investments and other business initiatives, which may negatively affect the Company's results of operations;
- risks related to the Company's products and services being dependent upon interoperability with rapidly changing systems provided by third parties;
- the Company's ability to generate revenue and profitability through the licensing of security software and services or the BlackBerry brand to device manufacturers;
- the risk that 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 risk that the Company could be found to have infringed on the intellectual property rights of others;
- the risk that litigation against the Company may result in adverse outcomes;
- risks related to the use and management of user data and personal information, which could give rise to liabilities as a result of legal, customer and other third-party requirements;
- the Company's ability to obtain rights to use third-party software;
- the substantial asset risk faced by the Company, including the potential for charges related to its long-lived assets and goodwill;
- risks related to the Company's indebtedness, which could adversely affect its operating flexibility and financial condition;
- risks related to government regulations applicable to the Company's products and services, including products containing encryption capabilities, which could negatively impact the Company's business;
- risks related to foreign operations, including fluctuations in foreign currencies;
- risks associated with any errors in the Company's products and services, which can be difficult to remedy and could have a material adverse effect on the Company's business;
- risks related to the failure of the Company's suppliers, subcontractors, third-party distributors and representatives to use acceptable ethical business practices or comply with applicable laws;

- the Company’s reliance on third parties to manufacture and repair its hardware products;
- risks related to fostering an ecosystem of third-party application developers;
- risks related to regulations regarding health and safety, hazardous materials usage and conflict minerals, and to product certification risks;
- risks related to tax provision changes, the adoption of new tax legislation, or exposure to additional tax liabilities;
- risks related to the fluctuation of the Company’s quarterly revenue and operating results;
- the volatility of the market price of the Company’s common shares; and
- risks related to adverse economic and geopolitical conditions;

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 the ongoing transition in the Company's business strategy and the rapid technological changes, evolving industry standards, intense competition and short product life cycles that characterize the industries in which the Company operates. See "Business Overview - Strategy, Products and Services" in this MD&A.

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 is an enterprise software and services company focused on securing and managing endpoints in the Internet of Things (IoT). Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Middle East, Latin America and Africa. The Company's common shares trade under the ticker symbol "BB" on the Toronto Stock Exchange and the New York Stock Exchange. The Company transferred the listing of its common shares from the NASDAQ Global Select Market to the New York Stock Exchange during the third quarter of fiscal 2018.

As a result of an internal reporting reorganization and a change in the way in which the Chief Operating Decision Maker ("CODM"), which for the Company is the Chief Executive Officer ("CEO"), reviews financial information, makes decisions and assesses the performance of the Company in the first quarter of fiscal 2018, the Company is now organized and managed as one operating segment. See Note 15 to the Consolidated Financial Statements for further information.

The Company's core software and services offering is BlackBerry Secure, an end-to-end Enterprise of Things platform comprised of enterprise communication and collaboration software and safety-certified embedded solutions. Elements of the BlackBerry Secure platform include:

- the BlackBerry Enterprise Mobility Suite, which includes BlackBerry Unified Endpoint Manager ("UEM"), BlackBerry Dynamics and BlackBerry Workspaces, among other products and applications;
- BlackBerry QNX, Certicom and BlackBerry Jarvis, which are units of the Company's BlackBerry Technology Solutions ("BTS") business;
- BlackBerry AtHoc, which provides secure, networked crisis communications solutions;
- Secusmart, which provides secure voice and text messaging solutions with advanced encryption and anti-eavesdropping capabilities; and
- the BlackBerry Messenger ("BBM") Enterprise service and the BBM Enterprise SDK for the Communications Platform as a Service market; and

The Company's software and services business also includes:

- Paratek and BlackBerry Radar, which are other units within BTS;
- Intellectual Property and Licensing (the Company's technology licensing business);
- licensing related to the BBM Consumer service; and
- Professional Cybersecurity Services, which offers cybersecurity consulting services and tools.

The Company is widely recognized for productivity and security innovations, and the Company believes that it delivers the most secure end-to-end mobile enterprise solutions in the market. With these core strengths, the Company's broad portfolio of products and services is focused on serving enterprise customers, particularly in regulated industries.

The Company is also engaged in the development and licensing of the Company's secure device software and the outsourcing to partners of all design, manufacturing, sales and customer support for BlackBerry-branded, and white label handsets. The Company intends to expand its security software and brand licensing program, under which the BlackBerry KEYone, BlackBerry Aurora, and

BlackBerry Motion smartphones have been released to date, to include a broader set of devices and non-smartphone endpoints. In addition, the Company also continues to develop software updates for its legacy BlackBerry 10 platform, and delivers BlackBerry productivity applications to Android smartphone users via the Google Play store. The Company continues to provide non-warranty repair services for its previously released BlackBerry-designed devices.

The Company also continues to generate service access fees (“SAF”) charged to subscribers using the Company’s legacy BlackBerry 7 and prior BlackBerry operating systems, and an allocation of revenue relating to service obligations and unspecified future software upgrades associated with BlackBerry 10 devices.

Strategy, Products and Services

The Company is focused on delivering an end-to-end software and services platform for the Enterprise of Things. The Company defines the Enterprise of Things as the network of devices, computers, vehicles, sensors, equipment and other connected endpoints within the enterprise that communicate with each other to enable smart business processes. The Company leverages many elements of its extensive technology portfolio to extend best-in-class security and reliability to its solutions for the Enterprise of Things, including unified endpoint management (“UEM”), embedded systems, crisis communications, enterprise applications, and related services, with hosting available on the Company’s global, scalable, secure network, as well as on public clouds.

The Company’s core software and services offering is the BlackBerry Secure platform, which integrates a broad portfolio of technologies and solutions, including BlackBerry UEM, BlackBerry Dynamics, the QNX CAR Platform and Neutrino Operating System, AtHoc Alert, AtHoc Account, SecuSUITE, and BlackBerry Workspaces. BlackBerry UEM offers a “single pane of glass”, or unified console view, for managing and securing devices, applications, identity, content, and IoT endpoints across all leading operating systems. BlackBerry Dynamics offers a best-in-class development platform and secure container for mobile applications, including the Company’s own enterprise applications such as BlackBerry Work and BlackBerry Connect for secure collaboration.

The Company’s BlackBerry QNX unit is a global provider of real-time operating systems, middleware, development tools, and professional services for connected embedded systems, primarily in the automotive, medical and industrial automation markets. The recognized leader in software for automotive electronics, BlackBerry QNX offers a growing portfolio of certified safety-critical modules and platform solutions and is focusing on achieving design wins with automotive original equipment manufacturers, Tier 1 vendors and automotive semiconductor suppliers. Through its innovations for connected and autonomous vehicles, including cybersecurity services and tools, the Company intends to generate incremental software and services revenue and to increase its revenue and margin on a per-vehicle basis.

The Company also licenses its secure handset software and its intellectual property assets and intends to increase recurring revenue from these programs.

During the third quarter of fiscal 2018, the Company launched Radar-L, a cost-optimized version of its BlackBerry Radar asset tracking solution that expands the addressable market, and a vehicle management portal for automotive cybersecurity.

The Company intends to continue to increase and enhance its product and service offerings through both strategic acquisitions and organic investments, with a view to extending the functionality of the BlackBerry Secure platform and delivering software and embedded solutions focused on strategic industry verticals. Please also see the “Narrative Description of the Business - Strategy” section in the AIF, which is included in the Annual Report.

Recent Developments

The Company continued to execute on its strategy in fiscal 2018 through the following two notable arrangements entered into during fiscal 2018.

The Company entered into a strategic licensing agreement with Teletry, a company with expertise in building relationships between patent holders and licensees in the wireless technology industry. As part of the arrangement, Teletry has the right to sublicense a broad range of the Company’s patents to a majority of global smartphone manufacturers. The Company retains ownership of approximately 37,500 patents and applications and operates its own licensing program outside of Teletry's sublicensing rights.

The Company also entered into an agreement with Qualcomm Technologies, Inc. (“Qualcomm”), to optimize select Qualcomm hardware platforms with BlackBerry QNX software for use in virtual cockpit controllers, telematics, electronic control gateways, digital instrument clusters and infotainment systems. In addition, the Company will optimize its over-the-air software and Secure Credential Management services for use with select Qualcomm® Snapdragon™ modems.

In executing on its strategy in fiscal 2018, the Company also announced the following achievements:

- Named a leader in the Gartner, Inc. (“Gartner”) June 2017 Magic Quadrant for Enterprise Mobility Management Suites and received the highest score for all six use cases in the Gartner *Critical Capabilities for High-Security Mobility Management* report for the second year in a row;

- Received the highest score in two use cases in the Gartner, Inc. *Critical Capabilities for Content Collaboration Platforms* report;
- Became the only vendor recognized by Gartner in all eight categories of their *Market Guide for Information-Centric Endpoint and Mobile Protection* with a single platform offering;
- Ranked as a leader in the *Forrester Wave: EMM* report by Forrester Research, Inc., for the third consecutive year;

- Launched QNX Hypervisor 2.0, a real-time Type 1 hypervisor solution that enables automotive platform developers to partition and isolate safety-critical environments from non-safety critical environments;
- Launched BlackBerry Jarvis, a cloud-based static binary code-scanning tool that identifies cybersecurity vulnerabilities in software used in automobiles;
- Announced a commercial partnership agreement with Delphi Automotive PLC (now Aptiv) to provide the operating system for its autonomous driving system;
- Selected by Baidu to power Baidu's Apollo autonomous driving open platform, CarLife infotainment platform and DuerOS artificial intelligence system;
- Announced that NVIDIA selected BlackBerry QNX to be the software foundation for its functionally safe self-driving development platform;
- Announced that, in partnership with DENSO Corporation, the Company has developed the world's first integrated Human Machine Interface platform for automobiles;
- Expanded its asset tracking portfolio with the launch of Radar-L, a solution for flatbeds, chassis, containers, heavy machinery and other valuable transportation or non-powered assets;
- Partnered with TCL Communication ("TCL") and PT BB Merah Putih to introduce the BlackBerry-branded KEYone, Motion, and Aurora smartphones, offering the most secure Android smartphone experience;
- Announced that the BlackBerry AtHoc cloud service for crisis communication received U.S. Federal Risk and Authorization Management Program (FedRAMP) authorization;
- Launched AtHoc Account, a FedRAMP-authorized solution that automates personnel accountability and crisis communication processes by providing safety and availability status updates of people before, during and after a critical event;
- Expanded SecuSUITE for Government availability to include the Canadian and U.S. governments;
- Added numerous Gold-level partners to the BlackBerry Enterprise Partner Program, furthering the Company's commitment to establishing and growing its global ecosystem of enterprise software partners and developers;
- Entered into a reselling partnership with Fleet Complete for BlackBerry Radar and announced that Fleet Complete has chosen BlackBerry Radar for its BigRoad Freight program;
- Announced a new partnership with Pana-Pacific to make BlackBerry Radar available to more than 2,800 commercial vehicle dealers in North America;
- Introduced new cybersecurity consulting services aimed at enabling enterprise General Data Protection Regulation, compliance and mitigating security risks in connected automobiles that threaten personal and public safety;
- Signed its first white label licensing deal with Yangzhou New Telecom Science and Technology Company Ltd. (NTD), under which handsets developed by NTD and branded by OEMs, carriers and local smartphone brands will use BlackBerry's device software and be marketed as "BlackBerry Secure";
- Expanded its distribution channels through a new initiative with Allied World Assurance Company Holdings, AG, whereby Allied World will provide its cyber policyholders with direct access to the Company's cybersecurity expertise through the BlackBerry SHIELD online self-assessment tool that will identify areas of weakness, after which the Company will work to improve the policyholders' security posture by providing its cybersecurity products and services;
- Appointed Steven Capelli as Chief Operating Officer (in addition to Chief Financial Officer); and
- Appointed Mark Wilson as Chief Marketing Officer.

Qualcomm Arbitration Award

On April 20, 2016, the Company and Qualcomm Incorporated ("Qualcomm") entered into an agreement to arbitrate a dispute regarding whether Qualcomm's agreement to cap certain royalties applied to payments made by the Company under a license between the parties. The binding arbitration hearing was held from February 27, 2017 to March 3, 2017 under the Judicial Arbitration and Mediation Services rules in San Diego, California. On April 11, 2017, the arbitration panel issued an interim decision, finding in favour of the Company. Subsequently, the Company reached an agreement with Qualcomm resolving all amounts payable in connection with the interim arbitration decision. Following a joint stipulation by the parties, the arbitration panel issued a final award on May 26, 2017 providing for the payment by Qualcomm to the Company of a total amount of $940 million including interest and attorneys' fees, which was net of $22 million in certain royalties owed by the Company to Qualcomm for calendar 2016 and the first quarter of calendar 2017 previously recorded within accrued liabilities on the consolidated balance sheets.

Approximately $815 million of the arbitration award represents the return of royalty overpayments. This amount was recorded within Arbitration charges (awards) on the consolidated statements of operations in the first quarter of fiscal 2018. The Company also recorded on the consolidated statements of operations, recoveries of legal expenses of approximately $8 million included in selling, marketing and administration, and $139 million of interest income within investment income (loss), net, for a total gain associated with the award of $962 million in the first quarter of fiscal 2018.

Nokia Arbitration Decision

On April 28, 2016, Nokia Corporation ("Nokia") filed a Request for Arbitration with the International Chamber of Commerce International Court of Arbitration. The dispute related to whether certain payments due under a patent agreement between the parties were in fact owed under the terms of the agreement. An arbitration hearing was held May 8-9, 2017 in New York and on November 29, 2017, the arbitration panel issued a decision, finding in favour of Nokia. On December 12, 2017, Nokia submitted a Petition for Correction to the arbitrators requesting correction of a computational error in the amount of pre-award interest provided for in the original award. On January 31, 2018, the arbitrators issued an addendum correcting this error. As a result, the Company recorded $148 million in charges associated with the arbitration, consisting of $132 million within Arbitration charges (awards) and $16 million in interest expense within investment income (loss), net on the consolidated statements of operations.

Normal Course Issuer Bid

On June 23, 2017 the Company announced that it received acceptance from the Toronto Stock Exchange ("TSX") with respect to a normal course issuer bid to repurchase for cancellation up to 31,000,000 BlackBerry common shares, representing approximately 6.4% of the outstanding public float as of May 31, 2017. The share repurchase program will remain in place until June 26, 2018, or such earlier time as the purchases are completed or the program is terminated by the Company.

The Company may purchase the common shares over the New York Stock Exchange, the TSX or other markets. The price the Company will pay for any shares under the share repurchase program will be the prevailing market price at the time of purchase. The share repurchase program will be effected in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934 and the TSX's normal course issuer bid rules, which contain restrictions on the number of shares that may be purchased on a single day, subject to certain exceptions for block purchases, based on the average daily trading volumes of the Company's common shares on the applicable exchange.

During fiscal 2018, the Company repurchased approximately 2 million common shares at a cost of approximately $18 million. The Company recorded a reduction of approximately $9 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of approximately $9 million was charged to deficit. All common shares repurchased by the Company pursuant to the normal course issuer bid have been canceled.

Non-GAAP Financial Measures

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, and information contained in this MD&A is presented on that basis. On March 28, 2018, the Company announced financial results for the three months and fiscal year ended February 28, 2018, which included certain non-GAAP financial measures, including adjusted revenue, adjusted gross margin, adjusted gross margin percentage, adjusted EBITDA, adjusted EBITDA margin, adjusted income (loss) before income taxes, adjusted net income (loss) and adjusted income (loss) per share. The Company believes the presentation of these non-GAAP measures provides management and shareholders with important information regarding the Company's financial performance due to the financial statement impact of the Company's transformation from a hardware focused handset manufacturer to an enterprise software and services company with recurring revenue streams.

For the three months ended February 28, 2018, these measures were adjusted for the following (collectively, the "Q4 Fiscal 2018 Non-GAAP Adjustments") (all items pre-tax and after-tax):

- the Q4 Fiscal 2018 Debentures Fair Value Adjustment (as defined below under "Fiscal 2018 Summary Results of Operations – Financial Highlights – Debentures Fair Value Adjustment") consisting of income of approximately $34 million;
- selective patent abandonment of approximately $2 million;
- Resource Allocation Program ("RAP") charges consisting of amounts associated with employee termination benefits, facilities, and certain other costs of approximately $26 million;
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $6 million;
- stock compensation expense of approximately $13 million;

- amortization of intangible assets acquired through business combinations of approximately $22 million;
- an interest true-up gain relating to the interest paid under the Nokia arbitration of $1 million; and
- true-ups relating to legacy royalty arrangements under the handheld devices business of $1 million.

For the fiscal year ended February 28, 2018, these measures (collectively, the "Fiscal 2018 Non-GAAP Adjustments") consisted of the following (all items pre-tax and after-tax):

- a long-lived asset impairment charge associated with the Company's handheld devices business (the "Fiscal 2018 LLA Impairment Charge") recognized in the second quarter, when the carrying value exceeded the fair value of an asset group of $11 million;
- the Fiscal 2018 Debentures Fair Value Adjustment (as defined below under "Fiscal 2018 Summary Results of Operations – Financial Highlights – Debentures Fair Value Adjustment") consisting of charges of approximately $191 million;
- selective patent abandonment of approximately $4 million;
- RAP charges consisting of amounts associated with employee termination benefits, facilities, and certain other costs of approximately $78 million;
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately$35 million;
- stock compensation expense of approximately $49 million;
- amortization of intangible assets acquired through business combinations of approximately $95 million;
- business acquisition and integration costs incurred through business combinations of approximately $14 million;
- net arbitration awards related to the Qualcomm and Nokia arbitrations of $683 million;
- net interest income related to the Qualcomm and Nokia arbitrations of $123 million; and
- true-ups relating to legacy royalty arrangements under the handheld devices business of $1 million.

The Company believes that presenting non-GAAP financial measures that exclude the impact of those items enables it and its shareholders to better assess the Company's operating performance relative to its consolidated financial results in prior and future periods and improves the comparability of the information presented. Readers are cautioned that adjusted revenue, adjusted gross margin, adjusted gross margin percentage, adjusted EBITDA, adjusted EBITDA margin, adjusted income (loss) before income taxes, adjusted net income (loss), adjusted income (loss) per share and similar measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similarly titled measures reported by other companies. These non-GAAP financial measures should be considered in the context of the U.S. GAAP results, which are described in this MD&A. A reconciliation of non-GAAP financial measures for the three months and fiscal year ended February 28, 2018 to the most directly comparable U.S. GAAP measures was included in the Company's March 28, 2018 press release, and is reflected in the tables below:

Q4 Fiscal 2018 Non-GAAP Adjustments		For the Three Months Ended February 28, 2018 (in millions)					
	Income statement location	**Revenue**	**Gross margin (before taxes)**	**Gross margin % (before taxes)**	**Income (loss) before income taxes**	**Net income**	**Basic earnings per share**
As reported		$ 233	$ 177	76.0%	$ (14)	$ (10)	$ (0.02)
Debentures fair value adjustment[1]	Debentures fair value adjustment	—	—	—%	(34)	(34)	
Selective patent abandonment	Loss on sale, disposal and abandonment	—	—	—%	2	2	
RAP charges [2]	Cost of sales	—	3	1.3%	3	3	
RAP charges [2]	Selling, marketing and administration	—	—	—%	23	23	
Software deferred revenue acquired [3]	Revenue[3]	6	6	0.5%	6	6	
Stock compensation expense	Cost of sales	—	1	0.4%	1	1	
Stock compensation expense	Research and development	—	—	—%	3	3	
Stock compensation expense	Selling, marketing and administration	—	—	—%	9	9	
Acquired intangibles amortization	Amortization	—	—	—%	22	22	
Arbitration awards, net [4]	Investment income (loss), net	—	—	—%	(1)	(1)	
Legacy royalty adjustments	Cost of sales	—	1	0.5%	1	1	
		$ 239	$ 188	78.7%	$ 21	$ 25	$ 0.05

(1) See "Fiscal 2018 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment"
(2) See "Fiscal 2018 Summary Results of Operations - Financial Highlights - RAP"
(3) Included within enterprise software and services revenue
(4) See "Business Overview - Nokia Arbitration Decision"

Fiscal 2018 Non-GAAP Adjustments		For the Year Ended February 28, 2018 (in millions)					
	Income statement location	**Revenue**	**Gross margin (before taxes)**	**Gross margin % (before taxes)**	**Net income before income taxes**	**Net income**	**Basic earnings per share**
As reported		$ 932	$ 670	71.9%	$ 406	$ 405	$ 0.76
LLA Impairment Charge	Impairment of long-lived assets	—	—	—%	11	11	
Debentures fair value adjustment (1)	Debentures fair value adjustment	—	—	—%	191	191	
Selective patent abandonment	Loss on sale, disposal and abandonment	—	—	—%	4	4	
RAP charges (2)	Cost of sales	—	11	1.2%	11	11	
RAP charges (2)	Research and development	—	—	—%	5	5	
RAP charges (2)	Selling, marketing and administration	—	—	—%	62	62	
Software deferred revenue acquired (3)	Revenue (3)	35	35	0.9%	35	35	
Stock compensation expense	Cost of sales	—	4	0.5%	4	4	
Stock compensation expense	Research and development	—	—	—%	12	12	
Stock compensation expense	Selling, marketing and administration	—	—	—%	33	33	
Acquired intangibles amortization	Amortization	—	—	—%	95	95	
Business acquisition and integration costs	Selling, marketing and administration	—	—	—%	14	14	
Arbitration awards, net (4)	Arbitration awards, net	—	—	—%	(683)	(683)	
Arbitration awards, net (4)	Investment income (loss), net	—	—	—%	(123)	(123)	
Legacy royalty adjustments	Cost of sales	—	1	0.1%	1	1	
Adjusted		$ 967	$ 721	74.6%	$ 78	$ 77	$ 0.14

(1) See "Fiscal 2018 Summary Results of Operations - Financial Highlights - Debentures Fair Value Adjustment".
(2) See "Fiscal 2018 Summary Results of Operations - Financial Highlights - RAP".
(3) Included within enterprise software and services revenue.
(4) See "Business Overview - Qualcomm Arbitration Award" and "Business Overview - Nokia Arbitration Decision".

Similarly, on March 31, 2017, the Company announced financial results for the three months and fiscal year ended February 28, 2017, which included certain non-GAAP financial measures, including adjusted revenue, adjusted gross margin, adjusted gross margin percentage, adjusted EBITDA, adjusted EBITDA margin, adjusted income (loss) before income taxes, adjusted net income (loss), and adjusted earnings (loss) per share.

For the three months ended February 28, 2017, these measures were adjusted for the following (collectively, the "Q4 Fiscal 2017 Non-GAAP Adjustments") (all items pre-tax and after-tax):

- a fair value adjustment (the "Fiscal 2017 Debentures Fair Value Adjustment") associated with the Company's 3.75% convertible debentures (the "3.75% Debentures") of approximately $16 million;
- the write-down of inventory in the amount of $4 million relating to certain BlackBerry-designed smartphones;
- selective patent abandonment of approximately $1 million;

- RAP charges of approximately $24 million;
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $11 million;
- stock compensation expense of approximately $15 million;
- amortization of intangible assets acquired through business combinations of approximately $28 million; and
- business acquisition and integration costs incurred through business combinations of approximately $3 million.

For the fiscal year ended February 28, 2017, these measures were adjusted for the following (collectively, the "Fiscal 2017 Non-GAAP Adjustments") (all items pre-tax and after-tax):

- a long-lived asset impairment charge associated with the Company's handheld devices business (the "Fiscal 2017 LLA Impairment Charge"), recognized when the carrying value exceeds the fair value of an asset group of $501 million;
- an impairment charge associated with the fair value of goodwill (the "Fiscal 2017 Goodwill Impairment Charge"), recognized when the carrying amount of a reporting unit exceeds its fair value of $57 million;
- the write-down of inventory in the amount of $141 million relating to certain BlackBerry-designed smartphones;
- a fair value adjustment associated with the Company's previously issued $1.25 billion 6% convertible debentures (the "6% Debentures"), and 3.75% Debentures, collectively (the "Debentures") of approximately $24 million;
- selective patent abandonment of approximately $4 million;
- the write-down related to assets held for sale to fair value less costs to sell of approximately $165 million;
- RAP charges of approximately $95 million;
- Cost Optimization Resource Efficiency ("CORE") program recoveries of approximately $7 million;
- software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $65 million;
- stock compensation expense of approximately $60 million;
- amortization of intangible assets acquired through business combinations of approximately $112 million; and
- business acquisition and integration costs incurred through business combinations of approximately $19 million.

A reconciliation of non-GAAP financial measures for the three months and fiscal year ended February 28, 2017 to the most directly comparable U.S. GAAP measures was included in the Company’s March 31, 2017 press release, and is reflected in the table below:

		For the Three Months Ended February 28, 2017 (in millions)				For the Year Ended February 28, 2017 (in millions)			
	Income Statement Location	**Revenue**	**Gross Margin**	**Income (loss) before income taxes**	**Net income (loss)**	**Revenue**	**Gross Margin**	**Income (loss) before income taxes**	**Net income (loss)**
As reported		$ 286	$ 172	$ (49)	$ (47)	$ 1,309	$ 617	$ (1,208)	$ (1,206)
LLA Impairment Charge	Impairment of long-lived assets	—	—	—	—	—	—	501	501
Goodwill Impairment Charge	Impairment of goodwill	—	—	—	—	—	—	57	57
Inventory write-down	Cost of sales	—	4	4	4	—	141	141	141
Debentures fair value adjustment	Debentures fair value adjustment	—	—	(16)	(16)	—	—	24	24
Selective patent abandonment	Loss on sale, disposal and abandonment of long-lived assets	—	—	1	1	—	—	4	4
Write-down of assets held for sale	Loss on sale, disposal and abandonment of long-lived assets	—	—	—	—	—	—	165	165
RAP charges	Cost of sales	—	6	6	6	—	25	25	25
RAP charges	Research and development	—	—	3	3	—	—	4	4
RAP charges	Selling, marketing and administration	—	—	15	15	—	—	66	66
CORE program charges	Selling, marketing and administration	—	—	—	—	—	—	(7)	(7)
Software deferred revenue acquired	Revenue	11	11	11	11	65	65	65	65
Stock compensation expense	Cost of sales	—	1	1	1	—	1	1	1
Stock compensation expense	Research and development	—	—	5	5	—	—	17	17
Stock compensation expense	Selling, marketing and administration	—	—	9	9	—	—	42	42
Acquired intangibles amortization	Amortization	—	—	28	28	—	—	112	112
Business acquisition and integration costs	Selling, marketing and administration	—	—	3	3	—	—	19	19
Adjusted		$ 297	$ 194	$ 21	$ 23	$ 1,374	$ 849	$ 28	$ 30

The Company also reported adjusted EBITDA for the three months and fiscal year ended February 28, 2018 of $36 million and $160 million, respectively. These are non-GAAP financial measures that do not have any standardized meaning as prescribed by U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

	For the Three Months Ended February 28, 2018 (in millions)	For the Year Ended February 28, 2018 (in millions)
Operating income (loss)	$ (17)	$ 283
Non-GAAP adjustments to operating income (loss)		
LLA Impairment Charge	—	11
Debentures fair value adjustment	(34)	191
Selective patent abandonment	2	4
RAP charges	26	78
Software deferred revenue acquired	6	35
Stock compensation expense	13	49
Acquired intangibles amortization	22	95
Business acquisition and integration costs	—	14
Arbitration awards, net	—	(683)
Legacy royalty adjustments	1	1
Total non-GAAP adjustments to operating income (loss)	36	(205)
Non-GAAP operating income	19	78
Amortization	39	177
Acquired intangibles amortization	(22)	(95)
Adjusted EBITDA	$ 36	$ 160
Adjusted revenues (per above)	$ 239	$ 967
Adjusted EBITDA margin	15%	17%

Adjusted EBITDA and adjusted EBITDA margin for the three months and fiscal year ended February 28, 2017 are reflected in the table below.

	For the Three Months Ended February 28, 2017 (in millions)	For the Year Ended February 28, 2017 (in millions)
Operating loss	$ (57)	$ (1,181)
Non-GAAP adjustments to operating loss		
LLA Impairment Charge	—	501
Goodwill Impairment Charge	—	57
Inventory write-down	4	141
Debentures fair value adjustment	(16)	24
Selective patent abandonment	1	4
Write-down of assets held for sale	—	165
RAP charges	24	95
CORE program recoveries	—	(7)
Software deferred revenue acquired	11	65
Stock compensation expense	15	60
Acquired intangibles amortization	28	112
Business acquisition and integration costs	3	19
Total non-GAAP adjustments to operating loss	70	1,236
Non-GAAP operating income	13	55
Amortization	57	239
Acquired intangibles amortization	(28)	(112)
Adjusted EBITDA	$ 42	$ 182
Adjusted revenues (per above)	$ 297	$ 1,374
Adjusted EBITDA margin	14%	13%

The Company also reported free cash flow as described in “Fiscal 2018 Summary Results of Operations - Free Cash Flow”, below.

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, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management’s historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

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

Valuation of Long-Lived Assets

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

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

The Company used various valuation techniques to determine the fair values of its assets to measure and allocate impairment. Techniques related to real estate, capital equipment and intangible assets included the direct capitalization method, market comparable transactions, the replacement cost method, discounted cash flow analysis, as well as the relief from royalty and excess earnings valuation methods. Determining valuations using these valuation techniques requires significant judgment and assumptions by management. Different judgments could yield different results.

Valuation Allowance Against Deferred Tax Assets

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. A valuation allowance is required for deferred tax assets if it is more likely than not that all or some portion of the asset will not be realized. All available evidence, both positive and negative, that may affect the realization of deferred tax assets must be identified and considered in determining the appropriate amount of the valuation allowance. Additionally, for interim periods, the estimated annual effective tax rate should include the valuation allowance for current year changes in temporary differences and losses or income arising during the year. For interim periods, the Company needs to consider the valuation allowance that it expects to recognize at the end of the fiscal year as part of the estimated annual effective tax rate. During interim quarters, the Company uses estimates including pre-tax results and ending position of temporary differences as at the end of the fiscal year to estimate the valuation allowance that it expects to recognize at the end of the fiscal year. This accounting treatment has no effect on the Company's actual ability to utilize deferred tax assets to reduce future cash tax payments. Different judgments could yield different results. See "Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Income Taxes" and "Results of Operations - Three months ended February 28, 2018 compared to three months ended February 28, 2017 - Income Taxes".

Revenue Recognition

Multiple Element Arrangements

The Company's process for determining best estimated selling prices ("BESPs") as it relates to when and if available upgrade rights to the BlackBerry 10 and Android devices exist involves management's judgment and multiple factors are considered that may vary over time depending upon the unique facts and circumstances related to each deliverable. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis. Should future facts and circumstances change, the Company's BESPs and the future rate of related amortization for software upgrades and non-software services related to future sales of these devices could change. Factors subject to change include the unspecified software upgrade rights offered, change in pricing of elements sold separately by the Company in the future, the estimated value of unspecified software upgrade rights, the estimated or actual costs incurred to provide non-software services, and the estimated period software upgrades and non-software services expected to be provided. Management does not expect the estimate of BESP to increase in the future given the competitive nature of the industry and the downward trends on its pricing. It is more likely to decrease in the future, which would result in a positive impact on the results of operations on a go-forward basis. Management also uses historical data to determine the useful life of the device over which to amortize the upgrade value. If the life of the device increased, the rate at which revenue is recognized would decrease. Conversely, if the life of the device decreased, the rate at which revenue is recognized would increase. Management reviews its estimates on an annual basis unless other facts and circumstances arise to warrant a shorter review cycle.

Hardware

Significant judgment is applied by the Company to determine whether shipments of devices have met the Company's revenue recognition criteria, as the analysis is dependent on many facts and circumstances. The Company is able to conclude that the price of its handheld devices is fixed or determinable on shipment in certain cases and, therefore, the four criteria as described in Note 1 to the Consolidated Financial Statements for revenue recognition were met upon shipment. As such, sales of the

Company's Android device to wireless carriers in certain regions, sales of the Company's latest BlackBerry 10 devices to wireless carriers in certain regions, and sales of BlackBerry 7 devices to wireless carriers in certain regions are recognized as revenue at the time of shipment. Other shipments of handheld devices are recognized as revenue when the devices sell through to end users.

The Company's use of customer incentives requires management to use significant judgment in evaluating whether prices for handheld devices are fixed or determinable, which can impact the timing of when hardware revenue is recognized. When the price is not considered fixed or determinable, the Company recognizes revenue when the product is sold through to its end users. The Company must take into account its past history with its carrier and distribution partners to determine whether it can reliably estimate whether any future concessions will be provided on products it has previously sold into the channel. The Company also makes estimates of the level of channel inventory and the likelihood it will sell-through at the prices sold to its distribution partners. The Company also has to consider external factors such as end customer demand, market acceptance of its products, cannibalization of new product introductions, the competitive landscape, and technological obsolescence in determining whether the price is fixed or determinable at the time of shipment. These factors could result in the Company increasing its customer incentive programs which could impact the results of the Company's operations. The Company recognizes these customer incentives at the later of when the Company has recognized the product sale or when the program is offered.

The Company also uses estimates in determining return provisions for its hardware sales. The Company has limited rights of return for quality defects based on contractual terms and conditions. The Company's historical experience is that returns for defects are immaterial to the results of operations and represent only 0.5% to 1% of total units shipped. However, if defect rates were to increase beyond those estimated, the Company would be required to recognize additional reductions to revenue. If the defect rate were to change such that the Company could no longer reliably estimate the return rate, recognition of revenue could be delayed until a reliable estimate could be made or the return period lapses.

Adoption of Accounting Policies

In October 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-16 on the topic of income taxes. The amendments in this update improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted, and the Company chose to early adopt this guidance in the first quarter of fiscal 2018. As a result of the adoption of ASU 2016-16, the Company recognized approximately $3 million in tax expense on past intra-entity transfers that had previously been deferred, through a cumulative adjustment to retained earnings.

Recently Issued Accounting Pronouncements

Accounting Standards Codification 606

In May 2014, the FASB issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard ("ASC 606"). The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company established a cross-functional coordinated team to conduct the implementation of the revenue recognition standard, which was responsible for identifying and implementing the appropriate changes to the Company's business processes, systems and controls surrounding the adoption of ASC 606 in order to support the relevant recognition and disclosure changes.

The Company will adopt this guidance on March 1, 2018 utilizing the modified retrospective approach, whereby any historical impact upon adoption is recorded as a cumulative transition adjustment to retained earnings or deficit. As part of its preparation for adoption of ASC 606, the Company implemented internal controls and certain changes to its Enterprise Resource Planning systems to analyze its contracts and related financial information and prepare to comply with the dual reporting requirements during the one year transition period under the modified retrospective approach.

The key area of potential impact to the Company from implementing the guidance relates to the timing of revenue recognition for the software license component of its enterprise software offerings. There are no significant changes expected to any of the Company's other revenue streams as a result of the adoption of ASC 606.

ASC 606 requires the capitalization of all the incremental costs to acquire a contract, and for these costs to be amortized into income proportionate to the recognition of the associated revenue. The Company currently capitalizes and defers some, but not all, of its incremental costs to acquire a contract and amortizes that cost into income ratably over the term of the contract. As a result, the adoption of ASC 606 will result in certain costs incurred in acquiring a contract previously expensed being reversed through a cumulative adjustment from retained earnings or deficit to other current assets, and recognized over time in line with the associated revenue.

The Company is in the process of determining the impact of ASC 606, and expects that, in the first quarter of fiscal 2019 when the standard becomes effective for the Company, there likely will be a material impact to its financial statements consisting of adjustments to the opening balance of its deficit, a change in deferred revenue, and a change in other current assets.

Accounting Standards Update 2016-01

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017. Changes as a result of this guidance are to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt this guidance in the first quarter of fiscal 2019.

This guidance requires the Company to present separately in accumulated other comprehensive income ("AOCI") the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk, when the Company has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company has elected the fair value option on its Debentures. As such, previous fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be reversed from deficit and be placed in AOCI as of March 1, 2018. The Company is still in the process of determining this impact. Future fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be recorded through AOCI.

This guidance also requires that changes in fair value associated with the Company's equity investment be recorded in net income as opposed to AOCI. As at February 28, 2018, the Company had total unrealized losses associated with its equity investments of approximately $8 million. As a result, on March 1, 2018, the Company will record a cumulative adjustment out of AOCI and into deficit for approximately $8 million. Future fluctuations in the value of the Company's equity investment will be recorded in the statement of operations.

Other Recently Announced Accounting Pronouncements

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company expects to adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In May 2017, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

In August 2017, the FASB issued a new accounting standard on the topic of derivatives and hedging. The amendments in this update expand and refine the designation and measurement guidance for qualifying hedging relationships and the presentation of those hedge results. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of fiscal 2020 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

Fiscal 2018 Summary Results of Operations

The following table sets forth certain consolidated statements of operations data, as well as certain consolidated balance sheet data, as at and for the fiscal years ended February 28, 2018, February 28, 2017, and February 29, 2016:

	As at and for the Fiscal Years Ended *(in millions, except for share and per share amounts)*				
	February 28, 2018	February 28, 2017	Change	February 29, 2016	Change
Revenue [1][2]	$ 932	$ 1,309	$ (377)	$ 2,160	$ (851)
Gross margin [1][2]	670	617	53	941	(324)
Operating expenses [1][2]	387	1,798	(1,411)	1,164	634
Investment income (loss), net	123	(27)	150	(59)	32
Income (loss) before income taxes	406	(1,208)	1,614	(282)	(926)
Provision for (recovery of) income taxes	1	(2)	3	(74)	72
Net income (loss)	$ 405	$ (1,206)	$ 1,611	$ (208)	$ (998)
Earnings (loss) per share - reported					
Basic	$ 0.76	$ (2.30)		$ (0.40)	
Diluted	$ 0.74	$ (2.30)		$ (0.86)	
Weighted-average number of shares outstanding (000's)					
Basic	532,888	525,265		526,303	
Diluted [3]	546,008	525,265		651,303	
Total assets	$ 3,780	$ 3,296	$ 484	$ 5,595	$ (2,299)
Total long-term financial liabilities	$ 782	$ 591	$ 191	$ 1,277	$ (686)

(1) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2018 Non-GAAP Adjustments on adjusted revenue, adjusted gross margin and adjusted operating expenses in fiscal 2018.

(2) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2017 Non-GAAP Adjustments on adjusted revenue, adjusted gross margin and adjusted operating expenses in fiscal 2017.

(3) Diluted loss per share on a U.S. GAAP basis for fiscal 2018 and fiscal 2017 does not include the dilutive effect of the Debentures as they would be anti-dilutive. Diluted loss per share on a U.S. GAAP basis for fiscal 2017 and fiscal 2017 does not include the dilutive effect of stock-based compensation as to do so would be anti-dilutive. See Note 12 to the Consolidated Financial Statements for the fiscal year ended February 28, 2018 for calculation of the diluted weighted average number of shares outstanding.

Financial Highlights

The Company had approximately $2.4 billion in cash, cash equivalents and investments as of February 28, 2018.

In fiscal 2018, the Company recognized revenues of $932 million and net income of $405 million, or $0.76 basic and $0.74 diluted earnings per share on a U.S. GAAP basis. The Company recognized adjusted revenues of $967 million and adjusted net income of $77 million, or earnings of $0.14 per share on a non-GAAP basis in fiscal 2018. See also "Non-GAAP Financial Measures".

Free Cash Flow

Free cash flow is a measure of liquidity calculated as operating cash flow minus capital expenditures. Free cash flow does not have any standardized meaning as prescribed by U.S. GAAP and is therefore may not be comparable to similar measures presented by other companies. For the three months ended February 28, 2018, the Company's net cash used in operating activities was $165 million and capital expenditures were $4 million, resulting in the Company reporting free cash usage of $169 million.

Free cash flow was $31 million for the three months ended February 28, 2018 before taking into account $17 million in cash paid related to restructuring and transition from the hardware business, $148 million paid in the Nokia arbitration, and $35 million paid related to the Settlement Funding Agreement with JP Morgan Chase as described in Note 14 to the Consolidated Financial Statements, which the Company is in arbitration to recover from an escrow fund account established upon the acquisition of Good also as described in Note 14 to the Consolidated Financial Statements.

For the fiscal year ended February 28, 2018, the Company's net cash provided by operating activities was $704 million and capital expenditures were $15 million, resulting in the Company reporting free cash flow of $689 million.

Free cash flow for the fiscal year ended February 28, 2018 was $47 million before taking into account $107 million in restructuring and transition costs, $784 million in net cash received from the Qualcomm and Nokia arbitrations, and the above mentioned $35 million in relation to Good.

On December 20, 2017, the Company stated it anticipated generating positive free cash flow for fiscal 2018 before taking into account the net impact of the Qualcomm arbitration, Nokia arbitration and costs related to restructuring and transition from the hardware business. The Company reported $12 million in free cash flow before taking into account these items in the amounts noted above.

The Company expects positive free cash flow for fiscal 2019, before considering the impact of restructuring and the impact of legal proceedings.

Debentures Fair Value Adjustment

As previously disclosed, the Company elected the fair value option to account for the 3.75% Debentures; therefore, periodic revaluation has been and continues to be required under U.S. GAAP. The fair value adjustment does not impact the terms of the 3.75% Debentures such as the face value, the redemption features or the conversion price. In the fourth quarter of fiscal 2018, the Company recorded income associated with the change in the fair value of the 3.75% Debentures of approximately $34 million (pre-tax and after tax) (the "Q4 Fiscal 2018 Debentures Fair Value Adjustment"). In fiscal 2018, the Company recorded a net charge associated with the change in the fair value of the Debentures of approximately $191 million (pre-tax and after tax) (the "Fiscal 2018 Debentures Fair Value Adjustment").

RAP

During the first quarter of fiscal 2016, the Company commenced the RAP with the objectives of (i) reallocating resources to capitalize on growth opportunities, (ii) providing the operational ability to better leverage contract research and development services relating to its handheld devices, and (iii) reaching sustainable profitability. Other charges and cash costs may occur as programs are implemented or changes are completed. During the fourth quarter and fiscal 2018, the Company incurred approximately $26 million and $78 million, respectively, in total pre-tax charges related to this program.

Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017

Consolidated Revenue

Consolidated revenue decreased by $377 million to approximately $932 million in fiscal 2018 from $1,309 million in fiscal 2017. The decrease was primarily due to a decrease of $310 million in handheld devices revenue to $64 million from $374 million and a decrease of $192 million in SAF revenues to $121 million from $313 million, net of increases of $70 million, $43 million and $12 million in licensing, IP and other revenues, enterprise software and services, and BTS respectively.

The decrease in hardware and other revenues of $310 million was primarily attributable to the Company's transition from an outsourced handset manufacturing model to the development and licensing of the Company's secure device software and the outsourcing to partners of all design, manufacturing, sales and customer support for BlackBerry-branded handsets. As a result, the Company's handheld device revenue over the period of transition has consisted solely of sales of the Company's owned handheld inventory, which is not being replenished as handheld devices are no longer produced by or on behalf of the Company.

The $192 million decrease in SAF revenues, which is generated from users of BlackBerry 7 and prior BlackBerry operating systems, is primarily attributable to a lower number of BlackBerry 7 users and lower revenue from those users compared to fiscal 2017.

The increase of $70 million in licensing, IP and other revenue to $196 million from $126 million is primarily due to the Company's licensing arrangement with Teletry as discussed above in "Business Overview - Recent Developments" and meeting revenue recognition criteria during the second quarter of fiscal 2018 for a previously signed intellectual property licensing arrangement, partially offset by a decline in software engineering services revenue present in the fourth quarter of fiscal 2017.

The increase of $43 million in enterprise software and services revenue to $388 million from $345 million is primarily due to a higher number of perpetual licenses sold, increased revenue from Secusmart, and an increase in BlackBerry AtHoc revenue.

The increase of $12 million in BTS to $163 million from $151 million is due to the Company's agreement with Qualcomm as described above in "Business Overview - Recent Developments" and increased revenue from its infotainment product and services offerings.

Consolidated Gross Margin

Consolidated gross margin increased by $53 million to approximately $670 million in fiscal 2018 from $617 million in fiscal 2017. The increase was primarily due to the increases in gross margin associated with licensing, IP and other, handheld devices and enterprise software and services and BTS, partially offset by a decline in SAF.

The increase in gross margin associated with handheld devices was primarily attributable to the $141 million write-down on inventory taken during fiscal 2017 which did not recur during fiscal 2018, and a lower amount of RAP program charges (see “Non-GAAP Financial Measures” above), offset by the changes described above in “Consolidated Revenue”. The increases in gross margin from licensing, IP and other, enterprise software and services and BTS were primarily attributable to the same reasons discussed above in “Consolidated Revenue”. The decrease in gross margin associated with SAF was primarily attributable to the same reasons as discussed above in “Consolidated Revenue”, as cost of goods sold associated with SAF revenues were consistent in fiscal 2018 and fiscal 2017.

The Company expects non-GAAP gross margins to be between 70% and 75% in the first half of fiscal 2019, and between 75% and 79% in the second half of fiscal 2019.

Revenue

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, 2018			February 28, 2017			Change		
Revenue by Geography									
North America	$	540	58.0%	$	659	50.3%	$	(119)	(18.1)%
Europe, Middle East and Africa		278	29.8%		461	35.2%		(183)	(39.7)%
Latin America		15	1.6%		35	2.7%		(20)	(57.1)%
Asia Pacific		99	10.6%		154	11.8%		(55)	(35.7)%
	$	932	100.0%	$	1,309	100.0%	$	(377)	(28.8)%

North America Revenues

Revenues in North America were $540 million, or 58.0% of revenue, in fiscal 2018, reflecting a decrease of $119 million compared to $659 million, or 50.3% of revenue in fiscal 2017. The decrease in North American revenue is primarily attributable to a decrease in handheld devices revenue and a decrease in SAF revenues, partially offset by increases in licensing, IP and other revenues due to the reasons discussed above in “Consolidated Revenue”, enterprise software and services revenue due to a higher number of perpetual licenses sold and an increase in BlackBerry AtHoc revenues, and BTS revenue due to the reasons discussed above in “Consolidated Revenue”.

Europe, Middle East and Africa Revenues

Revenues in Europe, Middle East and Africa were $278 million, or 29.8% of revenue, in fiscal 2018, reflecting a decrease of $183 million compared to $461 million, or 35.2% of revenue, in fiscal 2017. The decrease in revenue is primarily due to a decrease in handheld device revenues and SAF revenues due to the reasons discussed above in “Consolidated Revenue” partially offset by growth in enterprise software and services revenue due to a higher number of perpetual licenses sold and increased revenues from Secusmart.

Latin America Revenues

Revenues in Latin America were $15 million, or 1.6% of revenue, in fiscal 2018, reflecting a decrease of $20 million compared to $35 million, or 2.7% of revenue, in fiscal 2017. The decrease in revenues is primarily due to a reduction in SAF revenues due to the reasons discussed above in “Consolidated Revenue”.

Asia Pacific Revenues

Revenues in Asia Pacific were $99 million, or 10.6% of revenue, in fiscal 2018, reflecting a decrease of $55 million compared to $154 million, or 11.8% of revenue, in fiscal 2017. The decrease in revenues is due to a decline in SAF and handheld devices revenues due to the reasons discussed above in “Consolidated Revenue”, partially offset by increases in licensing, IP and other revenues due to the Company’s secure device licensing arrangements.

Revenue by Product and Service

Comparative breakdowns of revenues by product and service on a non-GAAP basis are set forth below.

	For the Years Ended (in millions)								
	February 28, 2018			February 28, 2017			Change		
Revenue by Product and Service									
Enterprise software and services [1][2]	$	423	43.7%	$	410	29.8%	$	13	3.2 %
BTS		163	16.9%		151	11.0%		12	7.9 %
Licensing, IP and other		196	20.3%		126	9.2%		70	55.6 %
Handheld devices		64	6.6%		374	27.2%		(310)	(82.9)%
SAF		121	12.5%		313	22.8%		(192)	(61.3)%
	$	967	100.0%	$	1,374	100.0%	$	(407)	(29.6)%

(1) See "Non-GAAP Financial Measures" for the relevant Fiscal 2018 Non-GAAP Adjustments made to enterprise software and services revenue.
(2) See "Non-GAAP Financial Measures" for the relevant Fiscal 2017 Non-GAAP Adjustments made to enterprise software and services revenue.

Enterprise Software and Services

Enterprise software and services revenue includes revenues from the Company's security, productivity, collaboration and end-point management solutions through the BlackBerry Secure platform, which includes BlackBerry UEM, BlackBerry Dynamics, BlackBerry Workspaces and BBM Enterprise, among other products and applications, as well as revenues from the sale of the Company's AtHoc Alert secure networked crisis communications solution, its Secusmart SecuSUITE secure voice and text solution, and professional services from BlackBerry Cybersecurity Services.

Enterprise software and services revenue increased by $13 million, or 3.2%, to $423 million, or 43.7% of revenues, in fiscal 2018, compared to $410 million, or 29.8% of revenues, in fiscal 2017.

The $13 million increase in enterprise software and services revenue was primarily attributable to the same reasons described above in "Consolidated Revenue", partially offset by a decrease in the non-GAAP adjustment of deferred software revenue acquired in fiscal 2018 versus fiscal 2017.

Excluding the deferred software revenue acquired adjustment, U.S. GAAP enterprise software and services revenue was $388 million, or 41.6% of revenue in fiscal 2018, compared to $345 million, or 26.3% of revenue in fiscal 2017, representing an increase of $43 million, or 12.5%.

BTS

BTS includes revenues from the Company's QNX CAR Platform and Neutrino Operating System, among other BlackBerry QNX products, as well as revenues from the Company's BlackBerry Radar asset tracking solution, Paratek antenna tuning technology, and Certicom cryptography and key management products.

BTS revenue increased by $12 million, or 7.9%, to $163 million, or 16.9% of revenues, in fiscal 2018, compared to $151 million, or 11.0% of revenue, in fiscal 2017. The increase was primarily due to the same reason described above in "Consolidated Revenue".

Licensing, IP and Other

Licensing, IP and other includes revenues from the Company's mobility licensing software arrangements, including revenue from licensed hardware sales and intellectual property licensing, and from the Company's BBM Consumer licensing arrangement.

Licensing, IP and other revenues increased by $70 million, or 55.6%, to $196 million, or 20.3% of revenues in fiscal 2018, compared to $126 million, or 9.2% of revenue, in fiscal 2017. The $70 million increase was primarily due to same reasons described above in "Consolidated Revenue".

The Company achieved its objective of reaching $100 million from intellectual property licensing in fiscal 2018 and expects $100 million in revenue from intellectual property licensing in fiscal 2019.

Handheld Devices

Handheld devices includes revenues from the sale of the DTEK60 and all prior BlackBerry smartphone models to carriers and distributors, accessories and repair services of handheld devices.

Handheld devices revenue was $64 million, or 6.6% of revenues, in fiscal 2018 compared to $374 million, or 27.2% of revenues, in fiscal 2017, representing a decrease of $310 million, or 82.9%. The $310 million decrease in handheld devices revenue was primarily due to the reasons discussed above in "Consolidated Revenue".

SAF

SAF includes revenues associated with the Company's legacy SAF business, relating to subscribers utilizing the Company's legacy BlackBerry 7 and prior operating systems, as well as revenues relating to unspecified future software upgrade rights for devices sold by the Company.

SAF revenue decreased by $192 million, or 61.3%, to $121 million, or 12.5% of revenues, in fiscal 2018, compared to $313 million, or 22.8% of revenues, in fiscal 2017.

The decrease in SAF revenue is primarily due to the reasons discussed above in "Consolidated Revenue".

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expense for fiscal 2018 compared to fiscal 2017.

	For the Fiscal Years Ended (in millions)					
	February 28, 2018		February 28, 2017		Change	
		% of Revenue		% of Revenue		% of Change
Revenue[1][2]	$ 932		$ 1,309		$ (377)	(28.8)%
Operating expenses						
Research and development[1][2]	239	25.6 %	306	23.4%	$ (67)	(21.9)%
Selling, marketing and administration[1][2]	467	50.1 %	553	42.2%	(86)	(15.6)%
Amortization[1][2]	153	16.4 %	186	14.2%	(33)	(17.7)%
Impairment of goodwill[2]	—	— %	57	4.4%	(57)	(100.0)%
Impairment of long-lived assets[1][2]	11	1.2 %	501	38.3%	(490)	(97.8)%
Loss on sale, disposal and abandonment of long-lived assets[1][2]	9	1.0 %	171	13.1%	(162)	(94.7)%
Debentures fair value adjustment[1][2]	191	20.5 %	24	1.8%	167	695.8 %
Arbitration awards, net[1]	(683)	(73.3)%	—	—%	(683)	— %
Total	$ 387	41.5 %	$ 1,798	137.4%	$ (1,411)	(78.5)%

(1) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2018 Non-GAAP Adjustments on revenue and operating expenses in fiscal 2018.

(2) See "Non-GAAP Financial Measures" for the impact of the Fiscal 2017 Non-GAAP Adjustments on revenue and operating expenses in fiscal 2017.

Operating expenses decreased by $1.41 billion, or 78.5%, to $387 million, or 41.5% of revenue in fiscal 2018, compared to $1.80 billion, or 137.4% of revenue, in fiscal 2017. The decrease was primarily attributable to the Qualcomm Arbitration Award, a decrease in impairment of long-lived assets due to the lower amount of the Fiscal 2018 LLA Impairment Charge versus the Fiscal 2017 LLA Impairment Charge, a lower amount of loss on sale, disposal and abandonment of long-lived assets due to the write-down to fair value for assets held for sale during fiscal 2017, reduced salaries and benefits costs, and a decrease in amortization expense, partially offset by an increase in the Debentures fair value adjustment and the Nokia Arbitration Decision. Excluding the impact of the relevant Fiscal 2018 Non-GAAP Adjustments and Fiscal 2017 Non-GAAP Adjustments, operating expenses decreased by $151 million, or 19.0% due to the reasons discussed below in “Research and Development Expenses”, “Selling, Marketing and Administration Expenses” and “Amortization Expense”.

The Company expects that its restructuring costs will decrease in fiscal 2019 on a year-over-year basis.

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 $67 million, or 21.9%, to $239 million, or 25.6% of revenue, in fiscal 2018, compared to $306 million, or 23.4% of revenue, in fiscal 2017. Excluding the impact of the relevant Fiscal 2018 Non-GAAP Adjustments and Fiscal 2017 Non-GAAP Adjustments, research and development expenses decreased by $63 million, or 22.1%. The decrease was primarily attributable to reduced salaries and benefits costs, as well as reductions in infrastructure and research costs related to handheld devices and outsourcing costs compared to fiscal 2017.

Selling, Marketing and Administration Expenses

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

Selling, marketing and administration expenses decreased by $86 million, or 15.6%, to $467 million, or 50.1% of revenue, in fiscal 2018 compared to $553 million in fiscal 2017, or 42.2% of revenue. Excluding the impact of the relevant Fiscal 2018 Non-GAAP Adjustments and Fiscal 2017 Non-GAAP Adjustments, selling, marketing and administration expenses decreased by $75 million, or 17.3%. The decrease was primarily attributable to a decrease in legal costs, reduced salaries and benefits, a decrease in facilities costs, and lower outsourcing and consulting costs compared to fiscal 2017.

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 2018 compared to fiscal 2017. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Fiscal Years Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	February 28, 2018	February 28, 2017	Change	February 28, 2018	February 28, 2017	Change
Property, plant and equipment	$ 18	$ 33	$ (15)	$ 18	$ 43	$ (25)
Intangible assets	135	153	(18)	6	10	(4)
Total	$ 153	$ 186	$ (33)	$ 24	$ 53	$ (29)

Amortization

Amortization expense relating to certain property, plant and equipment and intangible assets decreased by $33 million to $153 million for fiscal 2018, compared to $186 million for fiscal 2017. The decrease in amortization expense reflects the sale of data centers during the fourth quarter of fiscal 2017 and certain assets becoming fully depreciated.

Excluding the impact of the relevant Fiscal 2018 Non-GAAP Adjustments and Fiscal 2017 Non-GAAP Adjustments, amortization decreased by $16 million.

Cost of sales

Amortization expense relating to certain property, plant and equipment and intangible assets employed in the Company’s service operations and BlackBerry service operations decreased by $29 million to $24 million for fiscal 2018, compared to $53 million for fiscal 2017. This decrease primarily reflects the lower cost base of assets as a result of the Fiscal 2017 LLA Impairment Charge and Fiscal 2018 LLA Impairment Charge and patent abandonments during fiscal 2017 and fiscal 2018.

Investment Income (Loss), Net

Investment income (loss), net, which includes the interest expense from the Debentures, increased by $150 million to income of $123 million in fiscal 2018, from a loss of $27 million in fiscal 2017. The increase is primarily attributable to the net interest received from Qualcomm Arbitration Award and Nokia Arbitration Decision, reduced principal balance of Debentures outstanding and the lower rate of interest on the 3.75% Debentures relative to the 6% Debentures, partially offset by a gain on sale of a cost based investment in fiscal 2017 that did not recur in fiscal 2018. See “Financial Condition - Liquidity and Capital Resources”.

Income Taxes

For fiscal 2018, the Company’s net effective income tax rate was approximately 0%, compared to approximately 0% for the prior fiscal year. The Company's net effective income tax rate reflects the fact that the Company has a significant valuation allowance against its deferred tax assets, and in particular, the net change in fair value of the Debentures, the impact of the Qualcomm Arbitration Award, the Nokia Arbitration Decision and the reduction in the US tax rate and other changes from the United States enacted tax reform legislation through the Tax Cuts and Jobs Act, amongst other items, was offset by a corresponding adjustment of the valuation allowance. The Company’s net effective income tax recovery rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Income (Loss)

The Company’s net income for fiscal 2018 was $405 million, reflecting an increase in net income of $1,611 million compared to a net loss of $1,206 million in fiscal 2017. Excluding the impact of the relevant Fiscal 2018 Non-GAAP Adjustments and Fiscal 2017 Non-GAAP Adjustments, the Company’s non-GAAP net income for fiscal 2018 was $77 million compared to $30 million in fiscal 2017, reflecting an increase in non-GAAP net income of $45 million, primarily due to a reduction in operating expenditures and an increase in the Company’s gross margin and investment income (loss).

Basic earnings per share on a U.S. GAAP basis was $0.76 and diluted earnings per share on a U.S. GAAP basis was $0.74 in fiscal 2018, an increase in earnings per share of 133.0% and 132.2%, respectively, compared to basic and diluted loss per share on a U.S. GAAP basis of $2.30 in fiscal 2017.

The weighted average number of shares outstanding were 533 million and 546 million for basic and diluted earnings per share, respectively, for the fiscal year ended February 28, 2018 and 525 million common shares for basic and diluted loss per share for the fiscal year ended February 28, 2017.

The Company expects positive adjusted non-GAAP EPS for fiscal 2019.

The Company previously stated its expectations of achieving positive adjusted EBITDA for fiscal 2018 and positive non-GAAP earnings per share for fiscal 2018. Adjusted EBITDA was $36 million and non-GAAP earnings per share was $0.05 in fiscal 2018.

Total software and services billings grew by double digits in the fourth quarter of fiscal 2018 versus the fourth quarter of fiscal 2017. The Company expects total software and services billings growth of double-digits in fiscal 2019. Total software and services includes enterprise software and services, BTS, and Licensing, IP and other.

Common Shares Outstanding

On March 26, 2018, there were 537 million voting common shares, options to purchase 1 million voting common shares, 15 million restricted share units and 0.7 million deferred share units outstanding. In addition, 60.5 million common shares are issuable upon conversion in full of the Debentures.

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

Results of Operations - Three months ended February 28, 2018 compared to the three months ended February 28, 2017

The following table sets forth certain unaudited consolidated statements of operations data, which is expressed in millions of dollars, except for share and per share amounts and as a percentage of revenue, for the three months ended February 28, 2018 and February 28, 2017:

	For the Three Months Ended *(in millions, except for share and per share amounts)*				
	February 28, 2018		February 28, 2017		Change
Revenue [1][2]	233	100.0 %	286	100.0 %	(53)
Gross margin [1][2]	177	76.0 %	172	60.1 %	5
Operating expenses [1][2]	194	83.3 %	229	80.1 %	(35)
Investment income, net [1]	3	1.3 %	8	2.8 %	(5)
Loss before income taxes	(14)	(6.0)%	(49)	(17.1)%	35
Recovery of income taxes	(4)	(1.7)%	(2)	(0.7)%	(2)
Net loss	$ (10)	(4.3)%	$ (47)	(16.5)%	$ 37
Loss per share - reported					
Basic	$ (0.02)		$ (0.09)		$ 0.07
Diluted	$ (0.06)		$ (0.10)		$ 0.04
Weighted-average number of shares outstanding (000's)					
Basic	536,594		530,352		
Diluted	597,094		590,852		

(1) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2018 Non-GAAP Adjustments on revenue, gross margin, operating expenses, and investment income (loss), net in the fourth quarter of fiscal 2018.

(2) See "Non-GAAP Financial Measures" for the impact of the Q4 Fiscal 2017 Non-GAAP Adjustments on revenue, gross margin and operating expenses in the fourth quarter of fiscal 2017.

Consolidated Revenue

Consolidated revenue decreased by $53 million to approximately $233 million in the fourth quarter of fiscal 2018 from $286 million in the fourth quarter of fiscal 2017. The decrease was primarily due to a decrease of $53 million in handheld devices revenues to $2 million from $55 million and a decrease of $30 million in SAF revenues to $19 million from $49 million, partially offset by an increase of $17 million in enterprise software and services revenue to $108 million from $91 million and an increase of $11 million in BTS revenues to $46 million from $35 million.

The decrease in hardware and other revenues of $53 million was primarily attributable to the Company's transition from an outsourced handset manufacturing model to the development and licensing of the Company's secure device software and the outsourcing to partners of all design, manufacturing, sales and customer support for BlackBerry-branded handsets. As a result, the Company's handheld device revenue over the period of transition has consisted solely of sales of the Company's owned handheld inventory, which is not being replenished as handheld devices are no longer produced by or on behalf of the Company

The decrease in SAF revenues of $30 million, which is generated from users of BlackBerry 7 and prior BlackBerry operating systems, is primarily attributable to a lower number of BlackBerry 7 users and lower revenue from those users, compared to the fourth quarter of fiscal 2017.

The increase in enterprise software and services revenue of $17 million is primarily due to an increase in the number of perpetual licenses, partially offset by a decline in subscription licenses, and increased revenue from Secusmart.

The increase in BTS revenue is due to the Company's agreement with Qualcomm as described above in "Business Overview - Recent Developments" and increased revenue from the Company's infotainment products and services.

Consolidated Gross Margin

Consolidated gross margin increased by $5 million to approximately $177 million in the fourth quarter of fiscal 2018 from $172 million in the fourth quarter of fiscal 2017. The increase was primarily due to increases in gross margin in enterprise software and services, BTS, and licensing, IP and other, partially offset by the decline in gross margin associated with SAF.

The increase in gross margin in enterprise software and services and BTS is due to the reasons discussed above in "Consolidated Revenue". The increase in margin associated with licensing, IP and other was due to a change in revenue mix more heavily weighted to IP compared to the prior year, where there was a higher proportion of professional services.

The decrease in gross margin associated with handheld devices and SAF was primarily attributable to the decline in SAF revenues discussed above in "Consolidated Revenue".

Revenue

Revenue by Geography

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

	For the Three Months Ended *(in millions)*									
	February 28, 2018			February 28, 2017			Change			
Revenue by Geography										
North America	$	147	63.1%	$	166	58.0%	$	(19)	(11.4)%
Europe, Middle East and Africa		63	27.0%		83	29.0%		(20)	(24.1)%
Latin America		4	1.7%		5	1.8%		(1)	(20.0)%
Asia Pacific		19	8.2%		32	11.2%		(13)	(40.6)%
	$	233	100.0%	$	286	100.0%	$	(53)	(18.5)%

<u>North America Revenues</u>

Revenues in North America were $147 million, or 63.1% of revenue, in the fourth quarter of fiscal 2018, reflecting a decrease of $19 million compared to $166 million, or 58.0% of revenue, in the fourth quarter of fiscal 2017. Revenues in North America decreased compared to the fourth quarter of fiscal 2017 primarily from a decrease in handheld devices and SAF revenues, partially offset by increases in enterprise software and services and BTS revenues due to the reasons discussed above in "Consolidated Revenue".

<u>Europe, Middle East and Africa Revenues</u>

Revenues in Europe, Middle East and Africa were $63 million or 27.0% of revenue in the fourth quarter of fiscal 2018, reflecting a decrease of $20 million compared to $83 million or 29.0% of revenue in the fourth quarter of fiscal 2017. The decrease in revenues is due to decreased handheld devices and SAF revenues, partially offset by increases in enterprise software and services and BTS revenues for the reasons discussed above in "Consolidated Revenue".

<u>Latin America Revenues</u>

Revenues in Latin America were $4 million or 1.7% of revenue in the fourth quarter of fiscal 2018, reflecting a decrease of $1 million compared to $5 million or 1.8% of revenue in the fourth quarter of fiscal 2017. The decrease in revenues is primarily due to a reduction in SAF revenues, partially offset by an increase in enterprise software and services revenues due to the reasons discussed above in "Consolidated Revenue".

<u>Asia Pacific Revenues</u>

Revenues in Asia Pacific were $19 million or 8.2% of revenue in the fourth quarter of fiscal 2018, reflecting a decrease of $13 million compared to $32 million or 11.2% of revenue in the fourth quarter of fiscal 2017. The decrease in revenue is due to the reduction in handheld devices and SAF revenues, partially offset by growth in licensing, IP and other revenues due to the reasons discussed above in "Consolidated Revenue".

Revenue by Product and Service

Comparative breakdowns of revenues by product and service on a non-GAAP basis are set forth below.

	For the Three Months Ended (in millions)					
	February 28, 2018		February 28, 2017		Change	
Revenue by Product and Service						
Enterprise software and services [(1)(2)]	$ 114	47.8%	$ 102	34.3%	$ 12	11.8 %
BTS	46	19.2%	35	11.8%	11	31.4 %
Licensing, IP and other	58	24.3%	56	18.9%	2	3.6 %
Handheld devices	2	0.8%	55	18.5%	(53)	(96.4)%
SAF	19	7.9%	49	16.5%	(30)	(61.2)%
	$ 239	100.0%	$ 297	100.0%	$ (58)	(19.5)%

(1) See "Non-GAAP Financial Measures" for the relevant Q4 Fiscal 2018 Non-GAAP Adjustments made to enterprise software and services revenue.
(2) See "Non-GAAP Financial Measures" for the relevant Q4 Fiscal 2017 Non-GAAP Adjustments made to enterprise software and services revenue.

Enterprise Software and Services

Enterprise software and services revenue was $114 million, or 47.8% of revenue, in the fourth quarter of fiscal 2018, an increase of $12 million compared to revenue of $102 million, or 34.3% of revenue, in the fourth quarter of fiscal 2017. Enterprise software and services revenue increased due to the reasons described above in "Consolidated Revenue", partially offset by a lower software revenue deferred adjustment.

Excluding the deferred software revenue acquired adjustment described under "Non-GAAP Financial Measures", U.S. GAAP enterprise software and services revenue was $108 million, or 46.4% of revenue, in the fourth quarter of fiscal 2018, compared to $91 million, or 31.8% of revenue, in the fourth quarter of fiscal 2017, representing an increase of $17 million, or 18.7%, due to the reasons described above in "Consolidated Revenue".

The Company's total software, licensing and services revenue, excluding IP and professional services, was approximately 70% recurring (subscription based) in the fourth quarter of fiscal 2018.

BTS

BTS revenue increased to $46 million, or 19.2% of revenue, in the fourth quarter of fiscal 2018, compared to $35 million, or 11.8% of revenue, in the fourth quarter of fiscal 2017 due to the reasons described above in "Consolidated Revenue". The percentage of total revenue increased as a result of the decline in handheld device and SAF revenues.

Licensing, IP and Other

Licensing, IP and other revenues were $58 million, or 24.3% of revenue, in the fourth quarter of fiscal 2018, compared to $56 million, or 18.9% of revenue, in the fourth quarter of fiscal 2017, representing an increase of $2 million, or 3.6%. The $2 million increase was due the Company's Teletry licensing arrangement discussed above in "Business Overview - Recent Developments", offset by a decline in software engineering services revenue present in the fourth quarter of fiscal 2017.

Handheld Devices

Handheld devices includes revenues from the sale of the Company's remaining inventory of legacy smartphones and smartphone accessories, as well as non-warranty repair services. Handheld device revenues were $2 million, or 0.8% of revenue, in the fourth quarter of fiscal 2018, compared to $55 million, or 18.5% of revenue, in the fourth quarter of fiscal 2017, representing a decrease of $53 million, or 96.4%. The $53 million decrease in handheld devices revenue was primarily due to the reasons discussed above in "Consolidated Revenue".

SAF

SAF revenue decreased by $30 million, or 61.2%, to $19 million, or 7.9% of revenue, in the fourth quarter of fiscal 2018, compared to $49 million, or 16.5% of revenue, in the fourth quarter of fiscal 2017. The decrease was due to the reasons discussed above in "Consolidated Revenue".

On September 28, 2017, the Company stated its expectation that SAF revenue in the fourth quarter of fiscal 2018 would be approximately $16 million. SAF revenue was higher than expectations primarily due to payments received from SAF customers for which revenue is recognized on a cash basis due to collectability.

Operating Expenses

The table below presents a comparison of research and development, selling, marketing and administration, and amortization expenses for the quarter ended February 28, 2018, compared to the quarter ended November 30, 2017 and the quarter ended February 28, 2017. The Company believes it is meaningful to also provide a comparison between the fourth quarter of fiscal 2018 and the third quarter of fiscal 2018 given that the Company’s quarterly operating results in the prior year have changed significantly as a result of the Company’s shift to software from hardware.

	For the Three Months Ended *(in millions)*					
	February 28, 2018		November 30, 2017		February 28, 2017	
		% of Revenue		% of Revenue		% of Revenue
Revenue[1][2][3]	$ 233		$ 226		$ 286	
Operating expenses						
Research and development[1][2][3]	58	24.9 %	60	26.5%	57	19.9 %
Selling, marketing and administration[1][2][3]	131	56.2 %	118	52.2%	144	50.3 %
Amortization[1][2][3]	37	15.9 %	37	16.4%	45	15.7 %
Loss on sale, disposal and abandonment of long-lived assets[1][2][3]	2	0.9 %	2	0.9%	(1)	(0.3)%
Debentures fair value adjustment[1][2][3]	(34)	(14.6)%	77	34.1%	(16)	(5.6)%
Arbitration awards, net[1][2][3]	—	— %	132	58.4%	—	— %
Total	$ 194	83.3 %	$ 426	188.4%	$ 229	80.1 %

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(1) See “Non-GAAP Financial Measures” for the impact of the Q4 Fiscal 2018 Non-GAAP Adjustments on revenue and operating expenses in the fourth quarter of fiscal 2018.

(2) In the third quarter of fiscal 2018, the Company had software deferred revenue acquired but not recognized due to business combination accounting rules of approximately $9 million, and also recorded a non-cash charge associated with a change in the fair value of the 3.75% Debentures of approximately $77 million (the “Q3 Fiscal 2018 Debentures Fair Value Adjustment”); operating expenses related to the Nokia Arbitration Decision of $132 million; RAP charges of approximately $1 million and $17 million in research and development and selling, marketing and administration expenses, respectively; stock compensation expense of approximately $3 million and $8 million in research and development and selling, marketing and administration expenses, respectively; amortization of intangible assets acquired through business combinations of approximately $23 million in amortization expense; and business acquisition and integration costs incurred through business combinations of approximately $1 million in selling, marketing and administration expense (collectively the “Q3 Fiscal 2017 Non-GAAP Adjustments”).

(3) See “Non-GAAP Financial Measures” for the impact of the Q4 Fiscal 2017 Non-GAAP Adjustments on revenue and operating expenses in the fourth quarter of fiscal 2017.

Operating expenses decreased by $232 million, or 54.5%, to $194 million, or 83.3% of revenue, in the fourth quarter of fiscal 2018, compared to $426 million, or 188.4% of revenue, in the third quarter of fiscal 2018. The decrease was primarily attributable to the Nokia Arbitration Decision and the difference between the Q4 Fiscal 2018 Debentures Fair Value Adjustment and Q3 Fiscal 2018 Debentures Fair Value Adjustment.

Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q3 Fiscal 2017 Non-GAAP Adjustments, operating expenses increased by $5 million, or 3.0%. The increase was primarily attributable to unfavourable foreign currency translation and higher selling expenses, partially offset by lower outsourcing and consulting costs, a decrease in salaries and benefits, and a reduction in marketing and advertising.

Operating expenses decreased by $35 million, or 15.3%, to $194 million, or 83.3% of revenue, in the fourth quarter of fiscal 2018, compared to $229 million, or 80.1% of revenue, in the fourth quarter of fiscal 2017. The decrease was primarily attributable to a decrease in amortization expense, lower legal expenses, and a reduction in salaries and benefits, and other headcount costs in comparison to 2017.

Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q4 Fiscal 2017 Non-GAAP Adjustments, operating expenses decreased by $12 million, or 6.6%. This decrease was primarily attributable to decreases in legal expenses, lower outsourcing and consulting costs, a reduction in marketing and advertising, and a decrease in salaries and benefits compared to the fourth quarter of fiscal 2017.

In the third quarter of fiscal 2018, the Company stated its expectation that operating expenses would increase modestly in the fourth quarter of fiscal 2018, compared to the third quarter of fiscal 2018. Operating expenses decreased by $232 million in the fourth quarter of fiscal 2018, compared to the third quarter of fiscal 2018. Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments, and Q3 Fiscal 2017 Non-GAAP Adjustments, operating expenses increased by $5 million due to the reasons discussed above.

Research and Development Expense

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

Research and development expenses increased by $1 million, or 1.8% to $58 million in the fourth quarter of fiscal 2018 compared to $57 million in the fourth quarter of fiscal 2017. Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q4 Fiscal 2017 Non-GAAP Adjustments, research and development expenses increased by $6 million, or 12.2%. This increase was primarily attributable to increased salaries and benefits costs.

Selling, Marketing and Administration Expenses

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

Selling, marketing and administration expenses decreased by $13 million, or 9.0%, to $131 million in the fourth quarter of fiscal 2018 compared to $144 million in the fourth quarter of fiscal 2017. Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q4 Fiscal 2017 Non-GAAP Adjustments, selling, marketing and administration expenses decreased by $18 million, or 15.4%. This decrease was primarily attributable to a decrease in legal costs, a reduction in salaries and benefits, and other headcount costs, reduced marketing and advertising expenses, partially offset by unfavourable foreign currency translation.

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, 2018 compared to the quarter ended February 28, 2017. Intangible assets are comprised of patents, licenses and acquired technology.

	For the Three Months Ended *(in millions)*					
	Included in Amortization			**Included in Cost of sales**		
	February 28, 2018	February 28, 2017	Change	February 28, 2018	February 28, 2017	Change
Property, plant and equipment	$ 5	$ 7	$ (2)	$ 2	$ 9	$ (7)
Intangible assets	32	38	(6)	—	3	(3)
Total	$ 37	$ 45	$ (8)	$ 2	$ 12	$ (10)

<u>Amortization</u>

Amortization expense relating to certain property, plant and equipment and certain intangible assets decreased by $8 million to $37 million for the fourth quarter of fiscal 2018 compared to $45 million for the fourth quarter of fiscal 2017. The decrease in amortization expense reflects the full depreciation of acquired intangible assets.

Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q4 Fiscal 2017 Non-GAAP Adjustments, amortization decreased by $2 million.

<u>Cost of sales</u>

Amortization expense relating to certain property, plant and equipment and certain intangible assets employed in the Company's service operations decreased by $10 million to $2 million for the fourth quarter of fiscal 2018 compared to $12 million for the fourth quarter of fiscal 2017. This decrease primarily reflects the lower cost base of assets.

Investment Income (Loss), Net

Investment income (loss), net, which includes the interest expense from the Debentures, decreased by $5 million to $3 million in the fourth quarter of fiscal 2018, compared to $8 million in the fourth quarter of fiscal 2017. The decrease in investment income is primarily attributable to realized gains relating to the sale of one of the Company's cost-based investments in the fourth quarter of fiscal 2017 versus a realized loss on one of the Company's cost-based investments during the fourth quarter of fiscal 2018, partially offset by true-up interest received in respect of the Nokia Arbitration Decision.

Income Taxes

For the fourth quarter of fiscal 2018, the Company's net effective income tax recovery rate was approximately 29%, compared to approximately 4% for the same period in the prior fiscal year. The Company's income tax recovery rate reflects the fact that the Company has a significant valuation allowance against its deferred tax assets, and in particular, the net change in fair value of the 3.75% Debentures, the reduction in the U.S. tax rate and other changes from the United States enacted tax reform legislation through the Tax Cuts and Jobs Act, amongst other items, was offset by a corresponding adjustment of the valuation allowance. The Company's net effective income tax recovery rate also reflects the geographic mix of earnings in jurisdictions with different income tax rates.

Net Income (Loss)

The Company's net loss for the fourth quarter of fiscal 2018 was $10 million, or $0.02 basic loss per share and $0.06 diluted loss per share on a GAAP basis, reflecting a decrease in net loss of $37 million compared to a net loss of $47 million, or $0.09 basic and diluted earnings per share, in the fourth quarter of fiscal 2017. Excluding the impact of the relevant Q4 Fiscal 2018 Non-GAAP Adjustments and Q4 Fiscal 2017 Non-GAAP Adjustments, the Company's non-GAAP net income was $25 million in the fourth quarter of fiscal 2018 compared to $23 million in the fourth quarter of fiscal 2017, reflecting an increase in non-GAAP net income of $2 million due to a decrease in operating expenditures and an increase in gross margin.

The weighted average number of shares outstanding was 537 million common shares for basic loss per share and 597 million common shares for diluted loss per share for the fourth quarter of fiscal 2018. The weighted average number of shares outstanding was 530 million common shares for basic and diluted earnings per share for the fourth quarter of fiscal 2017.

Selected Quarterly Financial Data

The following table sets forth the Company’s unaudited quarterly consolidated results of operations data for each of the eight most recent quarters, including the quarter ended February 28, 2018. The information in the table below has been derived from the Company’s unaudited interim consolidated financial statements that, in management’s opinion, have been prepared on a basis consistent with the audited consolidated financial statements of the Company and include all adjustments necessary for a fair presentation of information when read in conjunction with the audited consolidated financial statements of the Company. The Company’s quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	(in millions, except per share data)							
	Fiscal Year 2018				Fiscal Year 2017			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	$ 233	$ 226	$ 238	$ 235	$ 286	$ 289	$ 334	$ 400
Gross margin	177	168	175	150	172	193	98	154
Operating expenses	194	426	153	(386)	229	307	453	809
Income (loss) before income taxes	(14)	(275)	23	672	(49)	(118)	(371)	(670)
Provision for (recovery of) income taxes	(4)	—	4	1	(2)	(1)	1	—
Net income (loss)	$ (10)	$ (275)	$ 19	$ 671	$ (47)	$ (117)	$ (372)	$ (670)
Earnings (loss) per share								
Basic earnings (loss) per share	$ (0.02)	$ (0.52)	$ 0.04	$ 1.26	$ (0.09)	$ (0.22)	$ (0.71)	$ (1.28)
Diluted earnings (loss) per share	$ (0.06)	$ (0.52)	$ (0.07)	$ 1.23	$ 0.10	$ (0.22)	$ (0.71)	$ (1.28)

Research and development	$ 58	$ 60	$ 60	$ 61	$ 57	$ 75	$ 85	$ 89
Selling, marketing and administration	131	118	110	109	144	141	138	129
Amortization	37	37	39	40	45	43	44	54
Impairment of long-lived assets	—	—	11	—	—	—	—	501
Impairment of goodwill	—	—	—	—	—	—	—	57
Loss (gain) on sale, disposal and abandonment of long-lived assets	2	2	3	1	(1)	46	124	3
Debentures fair value adjustment	(34)	77	(70)	218	(16)	2	62	(24)
Arbitration awards, net	—	132	—	(815)	—	—	—	—
Operating expenses	$ 194	$ 426	$ 153	$ (386)	$ 229	$ 307	$ 453	$ 809

Financial Condition

Liquidity and Capital Resources

Cash, cash equivalents, and investments increased by $655 million to $2.4 billion as at February 28, 2018 from $1.7 billion as at February 28, 2017, primarily as a result of the Qualcomm Arbitration Award and income before amortization, partially offset by the Nokia Arbitration Decision and changes in working capital. The majority of the Company’s cash, cash equivalents, and investments are denominated in U.S. dollars as at February 28, 2018.

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

	As at (in millions)		
	February 28, 2018	February 28, 2017	Change
Cash and cash equivalents	$ 816	$ 734	$ 82
Restricted cash	39	51	(12)
Short-term investments	1,443	644	799
Long-term investments	55	269	(214)
Cash, cash equivalents, and investments	$ 2,353	$ 1,698	$ 655

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

	As at (in millions)		
	February 28, 2018	February 28, 2017	Change
Current assets	$ 2,548	$ 1,717	$ 831
Current liabilities	464	621	(157)
Working capital	$ 2,084	$ 1,096	$ 988

Current Assets

The increase in current assets of $831 million at the end of fiscal 2018 from the end of fiscal 2017 was primarily due to increases in short term investments of $799 million, cash and cash equivalents of $82 million, and other receivables of $44 million, partially offset by decreases in accounts receivable, net of $49 million, inventories of $23 million and other current assets of $17 million.

At February 28, 2018, accounts receivable was $151 million, a decrease of $49 million from February 28, 2017. The decrease reflects the lower revenues recognized during fiscal 2018, partially offset by an increase in days sales outstanding to approximately 61 days in the fourth quarter of fiscal 2018 from approximately 57 days in the fourth quarter of 2017.

At February 28, 2018, other receivables increased by $44 million to $71 million compared to $27 million as at February 28, 2017. The increase in other receivables was primarily due to the payment of $35 million under the JP Morgan Chase settlement funding arrangement as discussed above in "Fiscal 2018 Summary Results of Operations - Free Cash Flow*"* and Note 14 which is expected to be recovered from escrow.

At February 28, 2018, inventories decreased by $23 million to $3 million compared to $26 million as at February 28, 2017. The decrease in inventories was primarily due to the sale of the remaining inventory of the Company's handheld devices.

At February 28, 2018, other current assets was $38 million, a decrease of $17 million from February 28, 2017. The decrease in in other current assets was due to the recognition of previously deferred cost of goods sold upon recognition of the related deferred revenue, partially offset by increases in prepaid rent.

At February 28, 2018, income taxes receivable was $26 million, a decrease of $5 million from February 28, 2017. The decrease in income tax receivable was due to the recognition of income tax expense on part intra-entity transfers that had previously been deferred as a result of the adoption of a new accounting standard, and the receipt of income tax refunds in certain jurisdictions.

Current Liabilities

The decrease in current liabilities of $157 million at the end of fiscal 2018 from the end of fiscal 2017 was primarily due to a decrease in accounts payable of $82 million, deferred revenue of $44 million and accrued liabilities of $35 million.

As at February 28, 2018, accounts payable were $46 million, reflecting a decrease of $82 million from February 28, 2017, which was primarily attributable to a decrease in amounts owing for the manufacturing of devices, lower operating expenses as described above under “Results of Operations - Fiscal year ended February 28, 2018 compared to fiscal year ended February 28, 2017 - Operating Expenses”, and lower legal expenses.

Deferred revenues were $195 million, which reflects a decrease of $44 million compared to February 28, 2017 that was primarily attributable to the recognition of devices sold through to end users, the recognition of revenue related to unspecified future software upgrades from those sales, and the recognition of deferred revenue relating to SAF prepayments.

Accrued liabilities were $205 million, reflecting a decrease of $35 million compared to February 28, 2017, which was primarily attributable to a decrease in accrued royalties.

Cash flows for the fiscal year ended February 28, 2018 compared to the fiscal year ended February 28, 2017 were as follows:

	For the Fiscal Years Ended (in millions)		
	February 28, 2018	February 28, 2017	Change
Net cash flows provided by (used in):			
Operating activities	$ 704	$ (224)	$ 928
Investing activities	(630)	724	(1,354)
Financing activities	2	(722)	724
Effect of foreign exchange loss on cash and cash equivalents	6	(1)	7
Net increase (decrease) in cash and cash equivalents	$ 82	$ (223)	$ 305

Operating Activities

The increase in net cash flows provided by operating activities of $928 million primarily reflects the net impact of the Qualcomm Arbitration Award and the Nokia Arbitration Result, as well as a higher net income before amortization.

Investing Activities

During the fiscal year ended February 28, 2018, cash flows used in investing activities were $630 million and included cash flow of $588 million used in transactions involving the acquisition of short-term and long-term investments, net of the proceeds on sale or maturity, intangible asset additions of $30 million and acquisitions of property, plant and equipment of $15 million, partially offset by proceeds on sale of property, plant and equipment of $3 million. For the same period of the prior fiscal year, cash flows provided by investing activities were $724 million and included cash flows of $703 million provided by transactions involving the acquisition of short-term and long-term investments and proceeds on sale or maturity and proceeds on the sale of property, plant and equipment of $95 million, offset by intangible asset additions of $52 million, acquisitions of property, plant and equipment of $17 million, and business acquisitions, net of cash acquired of $5 million.

Financing Activities

The increase in cash flows provided by financing activities was $724 million for fiscal 2018 and was primarily a result of the net impact of the repurchase of the 6% Debentures, issuance of the 3.75% Debentures, and payment of contingent consideration related to business acquisitions during fiscal 2017 that did not recur during fiscal 2018, partially offset by common share repurchases under the normal course issuer bid discussed under “Business Overview - Normal Course Issuer Bid” above.

Aggregate Contractual Obligations

The following table sets out aggregate information about the Company’s contractual obligations and the periods in which payments are due as at February 28, 2018:

	(in millions)				
	Total	Less than One Year	One to Three Years	Four to Five Years	Greater than Five Years
Operating lease obligations	$ 138	$ 33	$ 46	$ 30	$ 29
Purchase obligations and commitments	106	106	—	—	—
Long-term debt interest and principal payments	61	23	38	—	—
Total	$ 305	$ 162	$ 84	$ 30	$ 29

Purchase obligations and commitments amounted to approximately $305 million as at February 28, 2018, including future interest payments of $61 million on the 3.75% Debentures, and operating lease obligations of $138 million. The remaining balance consists of purchase orders for goods and services utilized in the operations of the Company. Total aggregate contractual obligations as at

February 28, 2018 decreased by $93 million as compared to the February 28, 2017 balance of approximately $398 million, which was primarily attributable to decreases in operating lease obligations, interest payments on the 3.75% Debentures, and purchase orders for goods and services used in operations.

Debenture Financing and Other Funding Sources

See Note 10 to the Consolidated Financial Statements for a description of the Debentures.

The Company has $33 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See Note 3 to the Consolidated Financial Statements for further information concerning the Company's restricted cash.

Cash, cash equivalents, and investments were approximately $2.4 billion as at February 28, 2018. 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 generating and operating expense reduction activities and access to other potential financing arrangements, 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.

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

Legal Proceedings

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. 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 provision for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provisioned for when reasonably determinable.

As of February 28, 2018, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore no accrual has been made. See Note 14 to the Consolidated Financial Statements for a further discussion of the Company's legal matters.

Market Risk of Financial Instruments

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 revenues in fiscal 2018 were transacted in U.S. dollars. Portions of the revenues were denominated in Canadian dollars, euros and British pounds. Purchases of raw materials were primarily transacted in U.S. dollars. Other expenses, consisting mainly of salaries, certain operating costs were incurred primarily in Canadian dollars, but were also incurred in U.S. dollars, euros and British pounds. At February 28, 2018, approximately 9% of cash and cash equivalents, 35% of accounts receivables and 6% of accounts payable were denominated in foreign currencies (February 28, 2017 – 8%, 35% and 23%, 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. See Note 5 to the Consolidated Financial Statements for information concerning the Company's foreign currency hedging activities.

Interest Rate

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued the 3.75% Debentures with a fixed 3.75% interest rate. The fair value of the 3.75% Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the long term of the 3.75% Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

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 doubtful accounts ("AFDA") that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. The AFDA as at February 28, 2018 was $24 million (February 28, 2017 - $12 million). There was no customer that comprised more than 10% of accounts receivable as at February 28, 2018 (February 28, 2017 – one customer that comprised more than 10%). Additionally, there were no customers that comprised more than 10% of the Company's revenue in fiscal 2018, fiscal 2017 or fiscal 2016. During fiscal 2018, the percentage of the Company's receivable balance that was past due decreased by 5.6% compared to the fourth quarter of fiscal 2017. 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 from its carrier and distributor partners of receivables exists. The occurrence of such delays or challenges in obtaining timely payments could negatively impact the Company's liquidity and financial condition.

Market values are determined for each individual security in the investment portfolio. The Company assesses declines in the value of individual investments for impairment to determine whether the decline is other-than-temporary. 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. During fiscal 2018, the Company did not record any other-than-temporary impairment charges related to certain cost-based investments (fiscal 2017 - $8 million).

See Note 5 to the Consolidated Financial Statements for additional information regarding the Company's credit risk as it pertains to its foreign exchange derivative counterparties.

Disclosure Controls and Procedures and Internal Controls

Disclosure Controls and Procedures

As of February 28, 2018, 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, 2018. 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 believes that, as of February 28, 2018, the Company's internal control over financial reporting was effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting. This report is included with the Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

During the three months ended February 28, 2018, the Company implemented additional controls as part of its preparation to adopt ASC 606, which was effective for the Company on March 1, 2018. The Company implemented new controls related to gathering information about its contracts with customers, monitoring the process of implementation, and evaluating the impact upon adoption. There were no other changes in 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.

Exhibit 23.1

CONSENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements [Form S-8 Nos. 333-85294, 333-100684, 333-150470, 333-177149, 333-189880, 333-192986, 333-192987, 333-197636, 333-206480, 333-209525, and 333-220153] pertaining to the Company's equity compensation and benefits plans of BlackBerry Limited of our reports dated March 28, 2018, with respect to the consolidated financial statements and related notes of BlackBerry Limited and the effectiveness of internal control over financial reporting of BlackBerry limited, included in this Annual Report (Form 40-F) for the year ended February 28, 2018.

We also consent to the use of our reports dated March 28, 2018, with respect to the consolidated financial statements and related notes of BlackBerry Limited and the effectiveness of internal control over financial reporting of the Company, included in the Annual Report (Form 40-F) for the year ended February 28, 2018, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP
Kitchener, Canada,
March 28, 2018

Exhibit 31.1

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John Chen, certify that:

1. I have reviewed this annual report on Form 40-F of BlackBerry Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2018

/s/ John Chen

Name: John Chen
Title: Chief Executive Officer

I, Steven Capelli, certify that:

1. I have reviewed this annual report on Form 40-F of BlackBerry Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2018

/s/ Steven Capelli

Name: Steven Capelli

Title: Chief Financial Officer and Chief Operating Officer

Exhibit 32.1

Certification of CEO and CFO
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of BlackBerry Limited (the "Registrant") on Form 40-F for the year ended February 28, 2018, as filed with the Commission on the date hereof (the "Report"), John Chen, as Chief Executive Officer of the Registrant, and Steven Capelli, as Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ John Chen

Name: John Chen
Title: Chief Executive Officer
Date: March 28, 2018

/s/ Steven Capelli

Name: Steven Capelli
Title: Chief Financial Officer and Chief Operating Officer
Date: March 28, 2018

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of §18 of the Securities Exchange Act of 1934, as amended.

Document and Entity Information	12 Months Ended Feb. 28, 2018 shares
Document Document And Entity Information [Abstract]	
Document Type	40-F
Amendment Flag	false
Document Period End Date	Feb. 28, 2018
Document Fiscal Year Focus	2018
Document Fiscal Period Focus	FY
Trading Symbol	BB
Entity Registrant Name	BLACKBERRY Ltd
Entity Central Index Key	0001070235
Current Fiscal Year End Date	--02-28
Entity Current Reporting Status	Yes
Entity Common Stock, Shares Outstanding	536,733,733

Consolidated Balance Sheets - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Current		
Cash and cash equivalents	$ 816	$ 734
Short-term investments	1,443	644
Accounts receivable, net	151	200
Other receivables	71	27
Inventories	3	26
Income taxes receivable	26	31
Other current assets	38	55
Total current assets	2,548	1,717
Long-term receivables	25	7
Long-term investments	55	269
Deferred income tax assets	3	0
Restricted cash and cash equivalents	39	51
Property, plant and equipment, net	64	91
Goodwill	569	559
Intangible assets, net	477	602
Total assets	3,780	3,296
Current		
Accounts payable	46	128
Accrued liabilities	205	240
Income taxes payable	18	14
Deferred revenue	195	239
Total current liabilities	464	621
Other long-term liabilities	23	18
Long-term debt	782	591
Deferred income tax liabilities	6	9
Total liabilities	1,275	1,239
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 - 530,497,193 voting common shares (February 29, 2016 - 521,172,271)	2,560	2,512
Retained earnings	(45)	(438)
Accumulated other comprehensive income (loss)	(10)	(17)
Total shareholders' equity	2,505	2,057
Total liabilities and shareholders' equity	$ 3,780	$ 3,296

Consolidated Balance Sheets (Parenthetical) - shares	Feb. 28, 2018	Feb. 28, 2017
Statement of Financial Position [Abstract]		
Common outstanding (in shares)	536,733,733	530,497,193
Common issued (in shares)	536,733,733	530,497,193

Consolidated Statements of Shareholders' Equity - USD ($) $ in Millions	Total	Capital Stock and Additional Paid-In Capital [Member]	Retained Earnings (Deficit) [Member]	Accumulated Other Comprehensive Income (Loss) [Member]
Beginning Balance at Feb. 28, 2015	$ 3,431	$ 2,444	$ 1,010	$ (23)
Increase (Decrease) in Stockholders' Equity [Roll Forward]				
Net income (loss)	(208)		(208)	
Other comprehensive income (loss)	15			15
Shares issued:				
Exercise of stock options	3	3		
Stock-based compensation	60	60		
Income tax deficiency from share-based compensation	(1)	(1)		
Share repurchases		(59)		
Stock repurchased and charged against retained earnings	34		(34)	
Common shares repurchased	(93)			
Employee share purchase plan	1	1		
Ending Balance at Feb. 29, 2016	3,208	2,448	768	(8)
Increase (Decrease) in Stockholders' Equity [Roll Forward]				
Net income (loss)	(1,206)		(1,206)	
Other comprehensive income (loss)	(9)			(9)
Shares issued:				
Exercise of stock options	1	1		
Stock-based compensation	60	60		
Income tax deficiency from share-based compensation	(1)	(1)		
Common shares repurchased	0			
Employee share purchase plan	4	4		
Ending Balance at Feb. 28, 2017	2,057	2,512	(438)	(17)
Increase (Decrease) in Stockholders' Equity [Roll Forward]				
Net income (loss)	405		405	
Other comprehensive income (loss)	7			7

Shares issued:				
Exercise of stock options	4	4		
Stock-based compensation	49	49		
Cumulative Impact of ASU 2016-16 Adoption	(3)		(3)	
Share repurchases		(9)		
Stock repurchased and charged against retained earnings	9		(9)	
Common shares repurchased	(18)			
Employee share purchase plan	4	4		
Ending Balance at Feb. 28, 2018	$ 2,505	$ 2,560	$ (45)	$ (10)

Consolidated Statements of Operations - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Revenue			
Revenues	$ 932	$ 1,309	$ 2,160
Cost of sales			
Cost of sales	262	542	1,183
Inventory write-down	0	150	36
Total cost of sales	262	692	1,219
Gross margin	670	617	941
Operating expenses			
Research and development	239	306	469
Selling, marketing and administration	467	553	653
Amortization	153	186	277
Impairment of goodwill	0	57	0
Impairment of long-lived assets	11	501	0
Loss on sale, disposal and abandonment of long-lived assets	9	171	195
Debentures fair value adjustment	191	24	(430)
Arbitration Awards, net, included in operations	(683)	0	0
Total operating expenses	387	1,798	1,164
Operating income (loss)	283	(1,181)	(223)
Investment income (loss), net	123	(27)	(59)
Income (loss) from continuing operations before income taxes	406	(1,208)	(282)
Provision for (recovery of) income taxes	1	(2)	(74)
Net income (loss)	$ 405	$ (1,206)	$ (208)
Earnings Per Share, Basic	$ 0.76	$ (2.30)	$ (0.40)
Earnings Per Share, Diluted	$ 0.74	$ (2.30)	$ (0.86)

Consolidated Statements of Comprehensive Income (Loss) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Statement of Comprehensive Income [Abstract]			
Net income (loss)	$ 405	$ (1,206)	$ (208)
Other comprehensive income (loss)			
Net change in unrealized losses on available-for-sale investments	(3)	(7)	1
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income taxes of nil (February 28, 2017 - income taxes of nil; February 29, 2016 - income tax recovery of $2 million)	1	2	(3)
Amounts reclassified to net income (loss) during the year, net of income taxes of nil (February 28, 2017 - income taxes of nil; February 29, 2016 - income tax recovery of $2 million)	(2)	(1)	27
Foreign currency translation adjustment	12	(3)	(10)
Increase (Decrease) in Obligation, Other Postretirement Benefits	(1)	0	0
Other comprehensive income (loss)	7	(9)	15
Comprehensive income (loss)	$ 412	$ (1,215)	$ (193)

Consolidated Statements of Comprehensive Income (Loss) (Parenthetical) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Statement of Comprehensive Income [Abstract]			
Income tax expense, net	$ 0	$ 0	$ (2)
Income tax expense, net	$ 0	$ 0	$ (2)

Consolidated Statements of Cash Flows - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Cash flows from operating activities			
Net income (loss)	$ 405	$ (1,206)	$ (208)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization	177	239	616
Deferred income taxes	(7)	33	(105)
Stock-based compensation	49	60	60
Impairment of goodwill	0	57	0
Impairment of long-lived assets	11	501	0
Loss on sale, disposal and abandonment of long-lived assets	9	171	195
Debentures fair value adjustment	191	24	(430)
Long-term receivables	(18)	0	2
Other long-term liabilities	5	(5)	8
Other	(6)	0	16
Net changes in working capital items			
Accounts receivable, net	49	166	193
Other receivables	(44)	17	45
Inventories	23	117	(21)
Income tax receivable	2	2	151
Other current assets	16	45	257
Accounts payable	(82)	(179)	30
Accrued liabilities	(36)	(94)	(312)
Income taxes payable	4	(28)	24
Deferred revenue	(44)	(144)	(264)
Net cash provided by (used in) operating activities	704	(224)	257
Cash flows from investing activities			
Acquisition of long-term investments	(27)	(430)	(326)
Proceeds on sale or maturity of long-term investments	77	228	301
Acquisition of property, plant and equipment	(15)	(17)	(32)
Proceeds on sale of property, plant and equipment	3	95	4
Acquisition of intangible assets	(30)	(52)	(70)
Business acquisitions, net of cash acquired	0	(5)	(698)
Acquisition of short-term investments	(3,499)	(1,366)	(2,764)
Proceeds on sale or maturity of short-term investments	2,861	2,271	3,146
Net cash used in investing activities	(630)	724	(439)
Cash flows from financing activities			
Issuance of common shares	8	5	4
Payment of contingent consideration from business acquisitions	0	(15)	0
Excess deficiency related to stock-based compensation	0	(1)	(1)
Common shares repurchased	(18)	0	(93)

Effect of foreign exchange gains on restricted cash and cash equivalents	0	(3)	0
Repurchase of 6% Debentures	0	(1,315)	0
Issuance of 3.75% Debentures		605	
Transfer from restricted cash and cash equivalents	12	2	12
Net cash provided by (used in) financing activities	2	(722)	(78)
Effect of foreign exchange gain (loss) on cash and cash equivalents	6	(1)	(16)
Net increase (decrease) in cash and cash equivalents for the year	82	(223)	(276)
Cash and cash equivalents, beginning of year	734	957	1,233
Cash and cash equivalents, end of year	$ 816	$ 734	$ 957

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates	12 Months Ended
	Feb. 28, 2018
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates	See text below

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

BlackBerry Limited (the "Company") is an enterprise software and services company focused on securing and managing endpoints in the Internet of Things (IoT). Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Middle East, Latin America and Africa. The Company's common shares trade under the ticker symbol "BB" on the Toronto Stock Exchange and the New York Stock Exchange. The Company transferred the listing of its common shares from the NASDAQ Global Select Market to the New York Stock Exchange during the third quarter of fiscal 2018.

Basis of Presentation and Preparation

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

In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on enterprise communication and collaboration software and services, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its service access fees ("SAF"). As a result, the Chief Operating Decision Maker (the "CODM"), who is the Chief Executive Officer of the Company, began making decisions and assessing the performance of the Company as a single operating segment. For additional information concerning the Company's segment reporting, see Note 15.

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 the determination of reserves for various litigation claims, revenue-related estimates including vendor-specific objective evidence of selling price ("VSOE"), best estimated selling price ("BESP"), right of return and customer incentive commitments, royalties, fair value of goodwill, long-lived asset impairment, amortization expense, fair values of assets acquired and liabilities assumed in business combinations, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for doubtful accounts, and the fair values of financial instruments. Actual results could differ from these estimates.

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 revenues and expenses are translated at the rates of exchange prevailing when the transactions occurred. Re-measurement 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 subsidiaries are translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheet dates. Revenue and expenses are translated using monthly average exchange rates. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive income (loss) ("AOCI").

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

The accounts receivable balance reflects invoiced and accrued revenue and is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in the accounts receivable balance. 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 network carriers rather than directly.

The Company evaluates the collectability of its accounts receivable balance based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. 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 bad debt 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 receivables balances could be further adjusted.

Investments

The Company's cash equivalents and investments, other than cost method investments, 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 AOCI 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. In the event of a decline in value that is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities at 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), 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 are classified as long-term investments.

The Company assesses individual investments that are in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. 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 intent and ability to hold the investment. In the event that a decline in the fair value of an investment occurs and that decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment as at the consolidated balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

If a debt security's market value is below its amortized cost and either the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income, and the remaining other-than-temporary impairment would be recorded as a component of AOCI.

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 effective portion of the derivative's gain or loss is initially reported as a component of AOCI, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current 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 AOCI 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 changes in the U.S. dollar value of the associated asset, liability or forecasted transaction.

Inventories

Raw materials, work in process and finished goods are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in, first-out basis. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal.

Property, plant and equipment, net

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 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 20% per annum

Goodwill

Goodwill represents the excess of the acquisition price 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, during the fourth quarter, 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.

The Company has historically tested goodwill for impairment as of January 31 during each fiscal year; however, in fiscal 2018 the Company changed the date of its annual goodwill impairment test to December 31 of each fiscal year in order to allow for more time to complete the test, the complexity of which has increased with the Company’s transition from a hardware company to a software company and the change in reporting unit structure noted below. The Company does not believe that this change in goodwill impairment testing date represents a material change in accounting principle as the change did not have a material effect to the financial statements in light of the continuing requirement to assess goodwill impairment in the presence of certain indicators and the significant excess of fair value over carrying value at both dates.

The Company did not have any goodwill impairment in fiscal 2018.

As a result of the internal reporting reorganization in fiscal 2017, and the Company’s transition to segmented reporting in that fiscal year, the change in reporting unit structure necessitated a goodwill impairment assessment preceding and following the reorganization of reporting units. The impairment test was carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. Following the reorganization, goodwill was assigned to the reporting units based upon the relative fair value allocation approach. The estimated fair value was determined utilizing multiple approaches based on the reporting units valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach, discounted future cash flows, the market-based approach, and the asset value approach. The carrying amount of the Company's assets was assigned to reporting units using reasonable methodologies based on the asset type. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary. Different judgments could yield different results.

The completion of step one of the goodwill impairment test following the internal reporting reorganization provided indications of impairment in certain reporting units, necessitating step two.

In the second step, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The second step involves significant judgment in the selection of assumptions necessary to arrive at an implied fair value of goodwill. Different judgments could yield different results.

Using the impaired reporting units' fair value determined in step one as the acquisition prices in hypothetical acquisitions of the reporting units, the implied fair values of goodwill were calculated as the residual amount of the acquisition price after allocations made to the fair values of net assets, including working capital, property, plant and equipment and both recognized and unrecognized intangible assets. Based on the results of step two of the goodwill impairment test in fiscal 2017, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment charge of $57 million (the "Goodwill Impairment Charge"), in the first quarter of fiscal 2017. The results of step one of the goodwill impairment test also indicated impairment in the asset groups associated with those reporting units, resulting in the long-lived asset impairment test as discussed below.

Intangible assets

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

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Acquired technology consists of intangible assets acquired through business acquisitions. Intellectual property consists of patents (both purchased and internally generated) and agreements with third parties for the use of intellectual property. 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 and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount 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 requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying amount of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

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 amount of its net assets. If the net cash flows of the asset group exceed the carrying amount of its net assets, LLA are not considered to be impaired. If the carrying amount 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 amount of the asset group's net assets exceeds the fair value of the Company, then the excess represents the maximum amount of potential impairment that will be allocated to 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. In the second quarter of fiscal 2018, the Company performed an LLA impairment analysis on an asset group associated with certain prepaid royalty arrangements associated with the Company's sale of handheld devices, using the procedure described above, which included a cash flow recoverability test. The estimated undiscounted net cash flows of the asset group were determined utilizing the Company's internal forecasts. The Company concluded that the carrying value of the asset group exceeded the undiscounted net cash flows. Consequently, step two of the LLA impairment test was performed whereby the fair values of certain of the Company's assets were compared to their carrying values. As a result of the analysis, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $11 million (the "Fiscal 2018 LLA Impairment Charge") in the second quarter of fiscal 2018.

In the first quarter of fiscal 2017, as a result of step one of the goodwill impairment assessment, the Company performed an LLA impairment analysis on the intellectual property within the asset group associated with the Company's handheld devices business using the procedure described above. As a result of such LLA impairment test, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $501 million (the "Fiscal 2017 LLA Impairment Charge") in the first quarter of fiscal 2017.

Business acquisitions

The Company accounts for its acquisitions using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

Royalties

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

Warranty

The Company records the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs. The Company does not have any warranty obligations associated with BlackBerry-branded smartphones sold by licensing partners.

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Convertible debentures

The Company elected to measure its outstanding convertible debentures (collectively, the "Debentures" as defined in Note 10) at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures are recognized in income. The fair value of the Debentures has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option prices, the market price and volatility of the Company's listed common shares and the Company's implicit credit spread.

Revenue recognition

The Company recognizes revenue as earned when the following four criteria have been met: (i) when persuasive evidence of an arrangement exists, (ii) the product has been delivered to a customer and title has been transferred or the services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

See Note 15 for a description of the Company's revenues by product and service type and what each grouping contains.

<u>Revenue from Enterprise Software and Services and BlackBerry Technology Solutions</u>

The Company generates revenue from both perpetual and term licenses, both of which are often bundled with other products and services including maintenance, technical support, professional services and other related services.

Revenue from perpetual licenses is recognized upon delivery, as the software has standalone value, if the Company has obtained VSOE of fair value of undelivered products and services bundled with the perpetual license. If VSOE of fair value of all undelivered elements has been established, the license revenue is recognized upon delivery and the undelivered elements including software maintenance, unspecified upgrades and technical support are recognized over the period that such items are delivered or those services are provided.

Revenue from term licensed software is recognized in a manner consistent with revenue from perpetual licenses in instances where VSOE of fair value of all undelivered elements has not been established, in which case all revenue is recognized ratably over the longer of the service delivery periods or the contract term.

When the VSOE of fair value has not been established, the Company uses the residual method to recognize revenue if the VSOE of fair value of undelivered elements is determinable. Additional detail regarding the accounting policies for multiple element arrangements is provided below.

Revenue from professional services can be part of software license arrangements or sold separately. When professional services are sold as part of software license arrangements, recognition of revenue for the entire transaction either occurs over the period in which the services are expected to be performed or does not commence until completion and acceptance of these professional services, depending on the facts and circumstances of the transaction. Revenue from professional services sold separately from software licenses is recognized upon completion of the services.

Revenue from renewals of support and maintenance contracts is recognized ratably over the contract term.

Revenue from Handheld Devices

Revenue for handheld devices was recognized when the four revenue recognition criteria noted above are met. The Company recorded reductions to revenue for estimated commitments related to price protection, rights of return and customer incentive programs. If there was a risk of future pricing concessions and a reliable estimate could not be made at the time of shipment, the Company recognized the related revenue and costs of goods sold when its products were sold through to an end user.

Significant judgment was applied by the Company to determine whether shipments of devices met the Company's revenue recognition criteria, as the analysis was dependent on many facts and circumstances. The Company recognized revenue upon shipment provided that the Company was able to conclude that the price was fixed or determinable. Sales of the Company's devices to wireless carriers in certain regions were recognized as revenue at the time of shipment. Other shipments of devices were recognized as revenue only when the devices sold through to end users. For shipments where the Company recognized revenue when the product was sold through to an end user, the Company determined the point at which that happened based upon internally generated reporting indicating when the devices are activated on the Company's relay infrastructure.

Revenue from Service Access Fees

Revenue from service access fees is recognized ratably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the pre-billing is recorded as deferred revenue. The Company has customers for which revenue is recognized on a cash basis due to collectability. Service access fee revenue also includes the recognition of previously deferred revenue related to multiple-element arrangements for non-software services and software upgrade rights related to BlackBerry 10 devices.

Revenue from Other Sources

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. Revenue from patent licensing agreements is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon mutual signing of the license agreement. For perpetual agreements, these criteria are generally fulfilled upon the beginning of the license period, coinciding with the mutual signing of the license agreement. For term-based agreements, these criteria are generally considered to be fulfilled over the life of the agreement and revenue is recognized ratably.

Certain outbound patent licensing arrangements may include termination provisions and/or future amounts dependent on subsequent licensee activity which limit the Company's ability to determine when the sale price is fixed and determinable and the amounts collectible. In these instances, revenue is recognized when the amounts become due.

From time to time, the Company may sell patents, which are typically non-strategic, to the Company's product and patent portfolio. These patent sales are a part of the technology and patent licensing strategy, and therefore represent a component of the Company's major or central operations. Revenue from patent sales is recorded when the four major criteria of revenue recognition noted above are met.

The Company has agreements under which the Company has licensed its security software and service suite, as well as related brand assets, to third parties who will design, manufacture, sell and provide customer support for BlackBerry-branded mobile handsets. Revenue is recognized when the four major criteria of revenue recognition noted above are met. Mobility license revenue for licensees, whose sales exceed contractual sales minimums, is recognized when licensed products are sold as reported by the Company's licensees. For licensees whose sales do not exceed contractual sales minimums, revenue is recognized ratably over the license term based on contractual minimum amounts.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-element arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) Enterprise software and services, (ii) BlackBerry Technology Solutions, and historically (iii) BlackBerry 10 or Android handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services.

For the Company's arrangements involving multiple deliverables where industry-specific software revenue recognition accounting guidance is not applicable, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using VSOE. In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third-party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses BESP in its allocation of arrangement consideration, where permitted. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

For arrangements involving multiple deliverables of software with other services, which may include software maintenance, professional services, unspecified upgrades and technical support, revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration, less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software element does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

For arrangements involving multiple deliverables including the BlackBerry 10 or Android device and the essential operating system software, as well as unspecified software upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP, as the device, unspecified software upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized on a straight-line basis over the estimated period during which the software upgrades and non-software services are expected to be provided.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with, and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right and non-software services is $4 per device.

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.

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 non-U.S. dollar functional currency subsidiaries as described under the foreign currency translation policy above, cash flow hedges as described in Note 5, changes in the fair value of available-for-sale investments as described in Notes 3 and 4, 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 11(b).

The Equity Incentive Plan (the "Equity Plan") was adopted during fiscal 2014 and replaced the Company's previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors (the "Board"). The Equity Plan provides for the grants of incentive stock options and restricted share units ("RSUs") to officers and employees of the Company or its subsidiaries. The number of common shares authorized for awards under the Equity Plan is 33,875,000 common shares. Any shares that are subject to options granted after fiscal 2013 are counted against this limit as 0.625 shares for every one option granted, and any shares that are subject to RSUs granted after fiscal 2013 are counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options (i.e., RSUs) that expire or are forfeited, settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. In addition to awards under the Equity Plan, 10,521,418 RSUs were granted to the Chief Executive Officer as an inducement to enter into a contract of full-time employment.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options, and the expense is recognized ratably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations would be impacted.

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

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs generally vest over a three-year period, either in equal annual installments or on the third anniversary date. 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 re-measured at each reporting period until settlement.

Advertising costs

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

ADOPTION OF ACCOUNTING POLICIES

Accounting Standards Adopted During Fiscal 2018

In October 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-16 on the topic of income taxes. The amendments in this update improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted, and the Company chose to early adopt this guidance in the first quarter of fiscal 2018. As a result of the adoption of ASU 2016-16, the Company recognized approximately $3 million in tax expense on past intra-entity transfers that had previously been deferred, through a cumulative adjustment to retained earnings.

Recently Issued Accounting Pronouncements

Accounting Standards Codification 606

In May 2014, the FASB issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard (“ASC 606”). The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company established a cross-functional coordinated team to conduct the implementation of the revenue recognition standard, which was responsible for identifying and implementing the appropriate changes to the Company’s business processes, systems and controls surrounding the adoption of ASC 606 in order to support the relevant recognition and disclosure changes.

The Company will adopt this guidance on March 1, 2018 utilizing the modified retrospective approach, whereby any historical impact upon adoption is recorded as a cumulative transition adjustment to retained earnings or deficit. As part of its preparation for adoption of ASC 606, the Company implemented internal controls and certain changes to its Enterprise Resource Planning systems to analyze its contracts and related financial information and prepare to comply with the dual reporting requirements during the one year transition period under the modified retrospective approach.

The key area of potential impact to the Company from implementing the guidance relates to the timing of revenue recognition for the software license component of its enterprise software offerings. There are no significant changes expected to any of the Company's other revenue streams as a result of the adoption of ASC 606.

ASC 606 requires the capitalization of all the incremental costs to acquire a contract, and for these costs to be amortized into income proportionate to the recognition of the associated revenue. The Company currently capitalizes and defers some, but not all, of its incremental costs to acquire a contract and amortizes that cost into income ratably over the term of the contract. As a result, the adoption of ASC 606 will result in certain costs incurred in acquiring a contract previously expensed being reversed through a cumulative adjustment from retained earnings or deficit to other current assets, and recognized over time in line with the associated revenue.

The Company is in the process of determining the impact of ASC 606, and expects that, in the first quarter of fiscal 2019 when the standard becomes effective for the Company, there likely will be a material impact to its financial statements consisting of adjustments to the opening balance of its deficit, a change in deferred revenue, and a change in other current assets.

Accounting Standards Update ("ASU") 2016-01

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017. Changes as a result of this guidance are to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt this guidance in the first quarter of fiscal 2019.

This guidance requires the Company to present separately in AOCI the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk, when the Company has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company has elected the fair value option on its Debentures. As such, previous fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be reversed from deficit and be placed in AOCI as of March 1, 2018. The Company is still in the process of determining this impact, but the impact likely will be material. Future fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be recorded through AOCI.

This guidance also requires that changes in fair value associated with the Company's equity investment be recorded in net income as opposed to AOCI. As at February 28, 2018, the Company had total unrealized losses associated with its equity investments of approximately $8 million. As a result, on March 1, 2018, the Company will record a cumulative adjustment out of AOCI and into deficit for approximately $8 million. Future fluctuations in the value of the Company's equity investment will be recorded in the statement of operations.

Other recently announced accounting pronouncements

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company expects to adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In May 2017, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

In August 2017, the FASB issued a new accounting standard on the topic of derivatives and hedging. The amendments in this update expand and refine the designation and measurement guidance for qualifying hedging relationships and the presentation of those hedge results. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of fiscal 2020 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

Adoption of Accounting Policies	12 Months Ended Feb. 28, 2018
Accounting Policies [Abstract]	
Adoption of Accounting Policies	

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

BlackBerry Limited (the "Company") is an enterprise software and services company focused on securing and managing endpoints in the Internet of Things (IoT). Based in Waterloo, Ontario, the Company was founded in 1984 and operates in North America, Europe, Asia, Middle East, Latin America and Africa. The Company's common shares trade under the ticker symbol "BB" on the Toronto Stock Exchange and the New York Stock Exchange. The Company transferred the listing of its common shares from the NASDAQ Global Select Market to the New York Stock Exchange during the third quarter of fiscal 2018.

Basis of Presentation and Preparation

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

In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on enterprise communication and collaboration software and services, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its service access fees ("SAF"). As a result, the Chief Operating Decision Maker (the "CODM"), who is the Chief Executive Officer of the Company, began making decisions and assessing the performance of the Company as a single operating segment. For additional information concerning the Company's segment reporting, see Note 15.

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 the determination of reserves for various litigation claims, revenue-related estimates including vendor-specific objective evidence of selling price ("VSOE"), best estimated selling price ("BESP"), right of return and customer incentive commitments, royalties, fair value of goodwill, long-lived asset impairment, amortization expense, fair values of assets acquired and liabilities assumed in business combinations, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for doubtful accounts, and the fair values of financial instruments. Actual results could differ from these estimates.

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 revenues and expenses are translated at the rates of exchange prevailing when the transactions occurred. Re-measurement 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 subsidiaries are translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheet dates. Revenue and expenses are translated using monthly average exchange rates. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive income (loss) ("AOCI").

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

The accounts receivable balance reflects invoiced and accrued revenue and is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in the accounts receivable balance. 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 network carriers rather than directly.

The Company evaluates the collectability of its accounts receivable balance based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. 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 bad debt 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 receivables balances could be further adjusted.

Investments

The Company's cash equivalents and investments, other than cost method investments, 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 AOCI 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. In the event of a decline in value that is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities at 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), 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 are classified as long-term investments.

The Company assesses individual investments that are in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. 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 intent and ability to hold the investment. In the event that a decline in the fair value of an investment occurs and that decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment as at the consolidated balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

If a debt security's market value is below its amortized cost and either the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income, and the remaining other-than-temporary impairment would be recorded as a component of AOCI.

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 effective portion of the derivative's gain or loss is initially reported as a component of AOCI, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current 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 AOCI 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 changes in the U.S. dollar value of the associated asset, liability or forecasted transaction.

Inventories

Raw materials, work in process and finished goods are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in, first-out basis. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal.

Property, plant and equipment, net

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 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 20% per annum

Goodwill

Goodwill represents the excess of the acquisition price 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, during the fourth quarter, 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.

The Company has historically tested goodwill for impairment as of January 31 during each fiscal year; however, in fiscal 2018 the Company changed the date of its annual goodwill impairment test to December 31 of each fiscal year in order to allow for more time to complete the test, the complexity of which has increased with the Company's transition from a hardware company to a software company and the change in reporting unit structure noted below. The Company does not believe that this change in goodwill impairment testing date represents a material change in accounting principle as the change did not have a material effect to the financial statements in light of the continuing requirement to assess goodwill impairment in the presence of certain indicators and the significant excess of fair value over carrying value at both dates.

The Company did not have any goodwill impairment in fiscal 2018.

As a result of the internal reporting reorganization in fiscal 2017, and the Company's transition to segmented reporting in that fiscal year, the change in reporting unit structure necessitated a goodwill impairment assessment preceding and following the reorganization of reporting units. The impairment test was carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. Following the reorganization, goodwill was assigned to the reporting units based upon the relative fair value allocation approach. The estimated fair value was determined utilizing multiple approaches based on the reporting units valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach, discounted future cash flows, the market-based approach, and the asset value approach. The carrying amount of the Company's assets was assigned to reporting units using reasonable methodologies based on the asset type. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary. Different judgments could yield different results.

The completion of step one of the goodwill impairment test following the internal reporting reorganization provided indications of impairment in certain reporting units, necessitating step two.

In the second step, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The second step involves significant judgment in the selection of assumptions necessary to arrive at an implied fair value of goodwill. Different judgments could yield different results.

Using the impaired reporting units' fair value determined in step one as the acquisition prices in hypothetical acquisitions of the reporting units, the implied fair values of goodwill were calculated as the residual amount of the acquisition price after allocations made to the fair values of net assets, including working capital, property, plant and equipment and both recognized and unrecognized intangible assets. Based on the results of step two of the goodwill impairment test in fiscal 2017, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment charge of $57 million (the "Goodwill Impairment Charge"), in the first quarter of fiscal 2017. The results of step one of the goodwill impairment test also indicated impairment in the asset groups associated with those reporting units, resulting in the long-lived asset impairment test as discussed below.

Intangible assets

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

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Acquired technology consists of intangible assets acquired through business acquisitions. Intellectual property consists of patents (both purchased and internally generated) and agreements with third parties for the use of intellectual property. 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 and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount 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 requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying amount of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

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 amount of its net assets. If the net cash flows of the asset group exceed the carrying amount of its net assets, LLA are not considered to be impaired. If the carrying amount 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 amount of the asset group's net assets exceeds the fair value of the Company, then the excess represents the maximum amount of potential impairment that will be allocated to 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. In the second quarter of fiscal 2018, the Company performed an LLA impairment analysis on an asset group associated with certain prepaid royalty arrangements associated with the Company's sale of handheld devices, using the procedure described above, which included a cash flow recoverability test. The estimated undiscounted net cash flows of the asset group were determined utilizing the Company's internal forecasts. The Company concluded that the carrying value of the asset group exceeded the undiscounted net cash flows. Consequently, step two of the LLA impairment test was performed whereby the fair values of certain of the Company's assets were compared to their carrying values. As a result of the analysis, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $11 million (the "Fiscal 2018 LLA Impairment Charge") in the second quarter of fiscal 2018.

In the first quarter of fiscal 2017, as a result of step one of the goodwill impairment assessment, the Company performed an LLA impairment analysis on the intellectual property within the asset group associated with the Company's handheld devices business using the procedure described above. As a result of such LLA impairment test, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $501 million (the "Fiscal 2017 LLA Impairment Charge") in the first quarter of fiscal 2017.

Business acquisitions

The Company accounts for its acquisitions using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

Royalties

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

Warranty

The Company records the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs. The Company does not have any warranty obligations associated with BlackBerry-branded smartphones sold by licensing partners.

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Convertible debentures

The Company elected to measure its outstanding convertible debentures (collectively, the "Debentures" as defined in Note 10) at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures are recognized in income. The fair value of the Debentures has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option prices, the market price and volatility of the Company's listed common shares and the Company's implicit credit spread.

Revenue recognition

The Company recognizes revenue as earned when the following four criteria have been met: (i) when persuasive evidence of an arrangement exists, (ii) the product has been delivered to a customer and title has been transferred or the services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

See Note 15 for a description of the Company's revenues by product and service type and what each grouping contains.

Revenue from Enterprise Software and Services and BlackBerry Technology Solutions

The Company generates revenue from both perpetual and term licenses, both of which are often bundled with other products and services including maintenance, technical support, professional services and other related services.

Revenue from perpetual licenses is recognized upon delivery, as the software has standalone value, if the Company has obtained VSOE of fair value of undelivered products and services bundled with the perpetual license. If VSOE of fair value of all undelivered elements has been established, the license revenue is recognized upon delivery and the undelivered elements including software maintenance, unspecified upgrades and technical support are recognized over the period that such items are delivered or those services are provided.

Revenue from term licensed software is recognized in a manner consistent with revenue from perpetual licenses in instances where VSOE of fair value of all undelivered elements has not been established, in which case all revenue is recognized ratably over the longer of the service delivery periods or the contract term.

When the VSOE of fair value has not been established, the Company uses the residual method to recognize revenue if the VSOE of fair value of undelivered elements is determinable. Additional detail regarding the accounting policies for multiple element arrangements is provided below.

Revenue from professional services can be part of software license arrangements or sold separately. When professional services are sold as part of software license arrangements, recognition of revenue for the entire transaction either occurs over the period in which the services are expected to be performed or does not commence until completion and acceptance of these professional services, depending on the facts and circumstances of the transaction. Revenue from professional services sold separately from software licenses is recognized upon completion of the services.

Revenue from renewals of support and maintenance contracts is recognized ratably over the contract term.

Revenue from Handheld Devices

Revenue for handheld devices was recognized when the four revenue recognition criteria noted above are met. The Company recorded reductions to revenue for estimated commitments related to price protection, rights of return and customer incentive programs. If there was a risk of future pricing concessions and a reliable estimate could not be made at the time of shipment, the Company recognized the related revenue and costs of goods sold when its products were sold through to an end user.

Significant judgment was applied by the Company to determine whether shipments of devices met the Company's revenue recognition criteria, as the analysis was dependent on many facts and circumstances. The Company recognized revenue upon shipment provided that the Company was able to conclude that the price was fixed or determinable. Sales of the Company's devices to wireless carriers in certain regions were recognized as revenue at the time of shipment. Other shipments of devices were recognized as revenue only when the devices sold through to end users. For shipments where the Company recognized revenue when the product was sold through to an end user, the Company determined the point at which that happened based upon internally generated reporting indicating when the devices are activated on the Company's relay infrastructure.

Revenue from Service Access Fees

Revenue from service access fees is recognized ratably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the pre-billing is recorded as deferred revenue. The Company has customers for which revenue is recognized on a cash basis due to collectability. Service access fee revenue also includes the recognition of previously deferred revenue related to multiple-element arrangements for non-software services and software upgrade rights related to BlackBerry 10 devices.

Revenue from Other Sources

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. Revenue from patent licensing agreements is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon mutual signing of the license agreement. For perpetual agreements, these criteria are generally fulfilled upon the beginning of the license period, coinciding with the mutual signing of the license agreement. For term-based agreements, these criteria are generally considered to be fulfilled over the life of the agreement and revenue is recognized ratably.

Certain outbound patent licensing arrangements may include termination provisions and/or future amounts dependent on subsequent licensee activity which limit the Company's ability to determine when the sale price is fixed and determinable and the amounts collectible. In these instances, revenue is recognized when the amounts become due.

From time to time, the Company may sell patents, which are typically non-strategic, to the Company's product and patent portfolio. These patent sales are a part of the technology and patent licensing strategy, and therefore represent a component of the Company's major or central operations. Revenue from patent sales is recorded when the four major criteria of revenue recognition noted above are met.

The Company has agreements under which the Company has licensed its security software and service suite, as well as related brand assets, to third parties who will design, manufacture, sell and provide customer support for BlackBerry-branded mobile handsets. Revenue is recognized when the four major criteria of revenue recognition noted above are met. Mobility license revenue for licensees, whose sales exceed contractual sales minimums, is recognized when licensed products are sold as reported by the Company's licensees. For licensees whose sales do not exceed contractual sales minimums, revenue is recognized ratably over the license term based on contractual minimum amounts.

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-element arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) Enterprise software and services, (ii) BlackBerry Technology Solutions, and historically (iii) BlackBerry 10 or Android handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services.

For the Company's arrangements involving multiple deliverables where industry-specific software revenue recognition accounting guidance is not applicable, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using VSOE. In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third-party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses BESP in its allocation of arrangement consideration, where permitted. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

For arrangements involving multiple deliverables of software with other services, which may include software maintenance, professional services, unspecified upgrades and technical support, revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration, less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software element does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

For arrangements involving multiple deliverables including the BlackBerry 10 or Android device and the essential operating system software, as well as unspecified software upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP, as the device, unspecified software upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized on a straight-line basis over the estimated period during which the software upgrades and non-software services are expected to be provided.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with, and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right and non-software services is $4 per device.

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.

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 non-U.S. dollar functional currency subsidiaries as described under the foreign currency translation policy above, cash flow hedges as described in Note 5, changes in the fair value of available-for-sale investments as described in Notes 3 and 4, 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 11(b).

The Equity Incentive Plan (the "Equity Plan") was adopted during fiscal 2014 and replaced the Company's previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors (the "Board"). The Equity Plan provides for the grants of incentive stock options and restricted share units ("RSUs") to officers and employees of the Company or its subsidiaries. The number of common shares authorized for awards under the Equity Plan is 33,875,000 common shares. Any shares that are subject to options granted after fiscal 2013 are counted against this limit as 0.625 shares for every one option granted, and any shares that are subject to RSUs granted after fiscal 2013 are counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options (i.e., RSUs) that expire or are forfeited, settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. In addition to awards under the Equity Plan, 10,521,418 RSUs were granted to the Chief Executive Officer as an inducement to enter into a contract of full-time employment.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options, and the expense is recognized ratably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations would be impacted.

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

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs generally vest over a three-year period, either in equal annual installments or on the third anniversary date. 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 re-measured at each reporting period until settlement.

Advertising costs

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

ADOPTION OF ACCOUNTING POLICIES

Accounting Standards Adopted During Fiscal 2018

In October 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-16 on the topic of income taxes. The amendments in this update improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted, and the Company chose to early adopt this guidance in the first quarter of fiscal 2018. As a result of the adoption of ASU 2016-16, the Company recognized approximately $3 million in tax expense on past intra-entity transfers that had previously been deferred, through a cumulative adjustment to retained earnings.

Recently Issued Accounting Pronouncements

Accounting Standards Codification 606

In May 2014, the FASB issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard ("ASC 606"). The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company established a cross-functional coordinated team to conduct the implementation of the revenue recognition standard, which was responsible for identifying and implementing the appropriate changes to the Company's business processes, systems and controls surrounding the adoption of ASC 606 in order to support the relevant recognition and disclosure changes.

The Company will adopt this guidance on March 1, 2018 utilizing the modified retrospective approach, whereby any historical impact upon adoption is recorded as a cumulative transition adjustment to retained earnings or deficit. As part of its preparation for adoption of ASC 606, the Company implemented internal controls and certain changes to its Enterprise Resource Planning systems to analyze its contracts and related financial information and prepare to comply with the dual reporting requirements during the one year transition period under the modified retrospective approach.

The key area of potential impact to the Company from implementing the guidance relates to the timing of revenue recognition for the software license component of its enterprise software offerings. There are no significant changes expected to any of the Company's other revenue streams as a result of the adoption of ASC 606.

ASC 606 requires the capitalization of all the incremental costs to acquire a contract, and for these costs to be amortized into income proportionate to the recognition of the associated revenue. The Company currently capitalizes and defers some, but not all, of its incremental costs to acquire a contract and amortizes that cost into income ratably over the term of the contract. As a result, the adoption of ASC 606 will result in certain costs incurred in acquiring a contract previously expensed being reversed through a cumulative adjustment from retained earnings or deficit to other current assets, and recognized over time in line with the associated revenue.

The Company is in the process of determining the impact of ASC 606, and expects that, in the first quarter of fiscal 2019 when the standard becomes effective for the Company, there likely will be a material impact to its financial statements consisting of adjustments to the opening balance of its deficit, a change in deferred revenue, and a change in other current assets.

Accounting Standards Update ("ASU") 2016-01

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017. Changes as a result of this guidance are to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt this guidance in the first quarter of fiscal 2019.

This guidance requires the Company to present separately in AOCI the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk, when the Company has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company has elected the fair value option on its Debentures. As such, previous fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be reversed from deficit and be placed in AOCI as of March 1, 2018. The Company is still in the process of determining this impact, but the impact likely will be material. Future fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be recorded through AOCI.

This guidance also requires that changes in fair value associated with the Company's equity investment be recorded in net income as opposed to AOCI. As at February 28, 2018, the Company had total unrealized losses associated with its equity investments of approximately $8 million. As a result, on March 1, 2018, the Company will record a cumulative adjustment out of AOCI and into deficit for approximately $8 million. Future fluctuations in the value of the Company's equity investment will be recorded in the statement of operations.

Other recently announced accounting pronouncements

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company expects to adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In May 2017, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

In August 2017, the FASB issued a new accounting standard on the topic of derivatives and hedging. The amendments in this update expand and refine the designation and measurement guidance for qualifying hedging relationships and the presentation of those hedge results. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of fiscal 2020 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents [Abstract]

Cash, Cash Equivalents and Investments

12 Months Ended Feb. 28, 2018

CASH, CASH EQUIVALENTS AND INVESTMENTS

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 components of cash, cash equivalents and investments by fair value level as at February 28, 2018 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash
Bank balances	$ 169	$ —	$ —	$ —	$ 169	$ 169	$ —	$ —	$ —
Other investments	35	—	—	—	35	—	—	35	—
	204	—	—	—	204	169	—	35	—
Level 1:									
Equity securities	10	—	(8)	—	2	—	2	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	332	—	—	—	332	—	293	—	39
Bankers' acceptances	211	—	—	—	211	211	—	—	—
Commercial paper	426	—	—	—	426	231	195	—	—
Non-U.S. promissory notes	227	—	—	—	227	102	125	—	—
Non-U.S. government sponsored enterprise notes	200	—	—	—	200	15	185	—	—
Non-U.S. treasury bills/notes	284	—	—	—	284	50	234	—	—

U.S. treasury bills/notes	448	—	(1)	—	447	38	409	—	—
	2,128	—	(1)	—	2,127	647	1,441	—	39
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—
Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$2,363	$ 2	$ (9)	$ (3)	$2,353	$ 816	$ 1,443	$ 55	$ 39

The components of cash, cash equivalents and investments by fair value level as at February 28, 2017 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash and Cash Equivalents
Bank balances	$ 218	$ —	$ —	$ —	$ 218	$ 216	$ —	$ —	$ 2
Other investments	34	—	—	—	34	—	—	34	—
	252	—	—	—	252	216	—	34	2
Level 1:									
Equity securities	10	—	(5)	—	5	—	5	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	242	—	—	—	242	143	50	—	49
Bankers' acceptances	125	—	—	—	125	125	—	—	—
Commercial paper	274	—	—	—	274	212	62	—	—
Non-U.S. promissory notes	117	—	—	—	117	38	79	—	—
Non-U.S. government sponsored enterprise notes	49	—	—	—	49	—	49	—	—
Non-U.S. treasury bills/notes	300	—	—	—	300	—	300	—	—
U.S. treasury bills/notes	315	—	(1)	—	314	—	99	215	—
	1,422	—	(1)	—	1,421	518	639	215	49
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—

Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$1,705	$ 2	$ (6)	$ (3)	$1,698	$ 734	$ 644	$ 269	$ 51

As at February 28, 2018, the Company's other investments consisted of cost method investments of $35 million (February 28, 2017 - $34 million). During the year ended February 28, 2018, there were no other-than-temporary impairment charges (other-than-temporary impairment charges of $8 million and nil relating to certain cost-based investments for the years ended February 28, 2017 and February 29, 2016) and realized gains of nil relating to the sale of cost-based investments (realized gains of $12 million and nil for the years ended February 28, 2017 and February 29, 2016).

During the year ended February 28, 2018, the Company recognized realized losses on available-for-sale securities of $1 million. There were no realized gains or losses recognized for the year ended February 28, 2017, and gains of $1 million for the year ended February 29, 2016.

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

The contractual maturities of available-for-sale investments as at February 28, 2018 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 2,128	$ 2,127
Due in one to five years	1	1
Due after five years	17	19
No fixed maturity	10	2
	$ 2,156	$ 2,149

As at February 28, 2018, the Company had investments with continuous unrealized losses totaling $9 million, consisting of $8 million in unrealized losses on equity securities holdings and $1 million in unrealized losses on U.S. treasury bills (February 28, 2017 - no investments with continuous unrealized losses). The Company has the ability and intent to hold these securities until such time that their value recovers or the investments mature, and as such does not consider their current impairments to be other-than-temporary. For a full description of how the Company assesses its investments for other-than-temporary impairment, see the "Investments" accounting policy in Note 1. For a description of the impact of ASU 2016-01 on the unrealized losses on equity securities beginning in fiscal 2019, see Note 2.

Fair Value Measurements	12 Months Ended Feb. 28, 2018
Fair Value Disclosures [Abstract]	
Fair Value Measurements	**FAIR VALUE MEASUREMENTS**

For a description of the fair value hierarchy, see Note 3.

Recurring Fair Value Measurements

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities approximate fair value due to their short maturities.

In determining the fair value of investments held (other than those classified as Level 3), the Company primarily relies on an independent third-party valuator for the fair valuation of securities. Pricing inputs used by the independent third-party valuator are generally received from one primary vendor. The pricing inputs are reviewed for completeness and accuracy, within a set tolerance level, on a daily basis by the independent third-party valuator. The Company also reviews and understands 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 the original pricing is warranted.

The Company's investments (other than those classified as Level 3) largely consist of securities issued by major corporate and banking organizations, the provincial and federal governments of Canada, international government banking organizations and the United States Department of the Treasury, and are all investment grade. The Company also holds a limited amount of equity securities following the initial public offering by the issuer of a previous cost-based investment.

For a description of how the fair value of currency forward contracts and currency option contracts and the fair value of the Debentures (as defined in Note 10) have been determined, see the "Derivative financial instruments" and "Convertible debentures" accounting policies in Note 1.

The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended February 28, 2018 and February 28, 2017:

	Level 3
Balance at February 29, 2016	$ 21
Principal repayments	(1)
Balance at February 28, 2017	20
Principal repayments	—
Balance at February 28, 2018	$ 20

The Company recognizes transfers in and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurred. There were no significant transfers in or out of Level 3 assets during the years ended February 28, 2018 or February 28, 2017.

The Company's Level 3 assets measured on a recurring basis include auction rate securities as well as corporate notes/bonds consisting of securities received in a payment-in-kind distribution from a former structured investment vehicle.

The auction rate securities are valued using a discounted cash flow method incorporating both observable and unobservable inputs. The unobservable inputs utilized in the valuation are the estimated weighted average life of each security based on its contractual details and expected pay down schedule based upon the underlying collateral, the value of the underlying collateral that would be realized in the event of a waterfall event, an estimate of the likelihood of a waterfall event, an estimate of the likelihood of a permanent auction suspension, and an estimate of the likelihood of the securities being called at par. Significant changes in these unobservable inputs would result in significantly different fair value measurements. Generally, a change in the assumption used for the probability of a waterfall event is accompanied by a directionally opposite change in the assumption used for the probability of a permanent auction suspension. A waterfall event occurs if the funded reserves of the securities become insufficient to make the interest payments, resulting in the disbursement of the securities' underlying collateral to the security holders.

The following table presents the significant unobservable inputs used in the fair value measurement of the auction rate securities, as well as the impact on the fair value measurement resulting from a significant increase in each input in isolation. A significant decrease in each input would produce the opposite impact as shown below:

As at February 28, 2018	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase in Input on Fair Value
Auction rate securities	$ 19	Discounted cash flow	Weighted average life	15 years	Decrease
			Collateral value (as a % of fair value)	152%	Increase
			Probability of waterfall event	10%	Increase
			Probability of permanent suspension of auction	5%	Decrease
			Probability of being called at par	25%	Increase

Derivative Financial Instruments	12 Months Ended Feb. 28, 2018
Derivative Instruments and Hedging Activities Disclosure [Abstract]	
Derivative Financial Instruments	**DERIVATIVE FINANCIAL INSTRUMENTS** The notional amounts and fair values of financial instruments outstanding were as follows:

	As at February 28, 2018				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets (1):					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 104
Currency option contracts	Other current assets	—	—	—	19
Total		$ —	$ 1	$ 1	$ 123
Derivative Liabilities (1):					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 100
Currency option contracts	Accrued liabilities	(1)	—	(1)	61
Total		$ (1)	$ (1)	$ (2)	$ 161

(1) The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

	As at February 28, 2017				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets (1):					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 89
Currency option contracts	Other current assets	1	—	1	37
Total		$ 1	$ 1	$ 2	$ 126
Derivative Liabilities (1):					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 28
Currency option contracts	Accrued liabilities	(1)	—	(1)	38

Total	$ (1)	$ (1)	$ (2)	$ 66

(1) The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

Foreign exchange

The Company's currency risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency exchange rates. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts.

The majority of the Company's revenue for the fiscal year ended February 28, 2018 was transacted in U.S. dollars. However, portions of the revenue are denominated in Canadian dollars, euros, and British pounds. Expenses, consisting of the majority of salaries and other certain operating costs, are incurred primarily in Canadian dollars. The Company enters into forward and option contracts to hedge portions of these anticipated transactions to reduce the volatility on income associated with the foreign currency exposures. The Company also enters into forward and option contracts to reduce the effects of foreign exchange gains and losses resulting from the revaluation of certain foreign currency monetary assets and liabilities. As at February 28, 2018, approximately 9% of cash and cash equivalents, 35% of accounts receivable and 6% of accounts payable and accrued liabilities were denominated in foreign currencies (February 28, 2017 - 8%, 35% and 23%, respectively).

See "Derivative financial instruments" in Note 1 for the Company's accounting policies on these instruments.

As at February 28, 2018 and February 28, 2017, the outstanding derivatives designated as cash flow hedges were considered to be fully effective. The maturity dates of these instruments range from March 2018 to February 2019. As at February 28, 2018, the net unrealized loss on these forward and option contracts (including option premiums paid) was $1 million (February 28, 2017 - net unrealized loss of nil). Unrealized gains associated with these contracts were recorded in other current assets and AOCI. Unrealized losses were recorded in accrued liabilities and AOCI. Option premiums were recorded in AOCI. As at February 28, 2018, the Company estimates that the net unrealized losses including option premiums on forward and option contracts that will be reclassified into income within the next 12 months will be approximately $1 million. For the fiscal years ended February 28, 2018 and February 28, 2017, there were no realized gains or losses on forward contracts that were ineffective upon maturity.

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the year ended February 28, 2018:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ —
Currency option contracts	(1)	Selling, marketing and administration	2
Total	$ (1)		$ 2

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss for the year ended February 28, 2017:

	Amount of Gain (Loss)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from

	Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)		AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (1)
Currency option contracts	—	Selling, marketing and administration	2
Total	$ —		$ 1

As part of its currency risk management strategy, the Company may maintain net monetary asset and/or liability balances in foreign currencies. The Company enters into foreign exchange forward contracts to hedge certain monetary assets and liabilities that are exposed to foreign currency risk. The principal currencies hedged include the Canadian dollar, euro, and British pound. These contracts are not subject to hedge accounting, and any realized and unrealized gains or losses are recognized in income each period, offsetting the change in the U.S. dollar value of the asset or liability. The maturity dates of these instruments range from March 2018 to May 2018. As at February 28, 2018, there were no net unrealized gains (net of premium paid) recorded in respect of these instruments (February 28, 2017 - net unrealized gains or losses of nil). Unrealized gains associated with these contracts were recorded in other current assets and selling, marketing and administration expenses. Unrealized losses were recorded in accrued liabilities and selling, marketing and administration expenses.

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statements of operations for the years ended February 28, 2018 and February 28, 2017:

		Amount of Gain (Loss) in Income on Derivative Instruments	
	Location of Gain (Loss) Recognized in Income on Derivative Instruments	February 28, 2018	February 28, 2017
Currency forward contracts	Selling, marketing and administration	$ (9)	$ 1

For information concerning the impact of foreign exchange on the consolidated statement of operations net of the above derivative instruments, see Note 16.

Credit risk

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations. The Company mitigates this risk by limiting counterparties to highly rated financial institutions and by continuously monitoring their creditworthiness. The Company's exposure to credit loss and market risk will vary over time as a function of currency exchange rates. The Company measures its counterparty credit exposure as a percentage of the total fair value of the applicable derivative instruments. Where the net fair value of derivative instruments with any counterparty is negative, the Company deems the credit exposure to that counterparty to be nil. As at February 28, 2018, the maximum credit exposure to a single counterparty, measured as a percentage of the total fair value of derivative instruments with net unrealized gains, was nil (February 28, 2017 - 100%; February 29, 2016 - 82%). As at February 28, 2018, the Company had a total credit risk exposure across all counterparties with outstanding or unsettled foreign exchange derivative instruments of nil on a notional value of nil (February 28, 2017 - total credit risk exposure of nil on a notional value of $24 million).

The Company maintains Credit Support Annexes ("CSAs") with several of its counterparties. These CSAs require the outstanding net position of all contracts be made whole by the paying or receiving of collateral to or from the counterparties on a daily basis, subject to exposure and transfer thresholds. As at February 28, 2018, the Company had $1 million in collateral posted with counterparties (February 28, 2017 - no collateral posted or held).

The Company is exposed to market and credit risk on its investment portfolio. The Company reduces this risk by investing in liquid, investment grade securities and by limiting exposure to any one entity or group of related entities. As at February 28, 2018, no single issuer represented more than 19% of the total cash, cash equivalents and investments (February 28, 2017 - no single issuer represented more than 18% of the total cash, cash equivalents and investments), and the largest single issuer was the U.S. Department of the Treasury.

Interest rate risk

Cash and cash equivalents and investments are invested in certain instruments of varying maturities. Consequently, the Company is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. The Company has also issued the 3.75% Debentures (as defined below) as described in Note 10 with a fixed 3.75% interest rate. The fair value of the 3.75% Debentures will fluctuate with changes in prevailing interest rates. Consequently, the Company is exposed to interest rate risk as a result of the long term of the 3.75% Debentures. The Company does not currently utilize interest rate derivative instruments to hedge its investment portfolio.

Consolidated Balance Sheets Details	12 Months Ended Feb. 28, 2018
Balance Sheet Related Disclosures [Abstract]	
Consolidated Balance Sheets Details	**CONSOLIDATED BALANCE SHEET DETAILS**

Accounts receivable, net

The allowance for doubtful accounts as at February 28, 2018 was $24 million (February 28, 2017 - $12 million).

There was no customer that comprised more than 10% of accounts receivable as at February 28, 2018 (February 28, 2017 - one customer that comprised more than 10%).

Inventories

Inventories comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Raw materials	$ —	$ 4
Work in process	—	1
Finished goods	3	21
	$ 3	$ 26

During fiscal 2018, the Company recorded non-cash, pre-tax charges of nil relating to the write-down of inventory (fiscal 2017 - $150 million; fiscal 2016 - $36 million).

Other current assets

Other current assets include items such as deferred cost of sales and prepaid expenses, among other items, none of which were greater than 5% of the current assets balance in all years presented.

Property, plant and equipment, net

Property, plant and equipment comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Cost		
Buildings, leasehold improvements and other	85	101
BlackBerry operations and other information technology	987	1,070
Manufacturing, repair and research and development equipment	75	87
Furniture and fixtures	10	15
	1,157	1,273
Accumulated amortization	1,093	1,182
Net book value	$ 64	$ 91

For the year ended February 28, 2018, amortization expense related to property, plant and equipment amounted to $36 million (February 28, 2017 - $76 million; February 29, 2016 - $124 million).

Sale, disposal and abandonment of LLA - Property, plant and equipment, net

There were $3 million in losses associated with the sale, disposal and abandonment of property, plant and equipment during the year ended February 28, 2018.

As part of the Company's resource alignment program (the "RAP") as described in Note 8, the Company sold or disposed of a significant amount of property, plant and equipment. The Company incurred losses on the write-down of property, plant and equipment to fair value (as assets held for sale), the sale thereof, or disposal thereof of $171 million for the year ended February 28, 2017 (February 29, 2016 - $195 million).

Intangible assets, net

Intangible assets comprised the following:

	As at February 28, 2018		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 682	$ 512	$ 170
Intellectual property	411	212	199
Other acquired intangibles	197	89	108
	$ 1,290	$ 813	$ 477

	As at February 28, 2017		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 676	$ 446	$ 230
Intellectual property	418	184	234
Other acquired intangibles	197	59	138
	$ 1,291	$ 689	$ 602

Other acquired intangibles include items such as customer relationships and brand.

For the year ended February 28, 2018, amortization expense related to intangible assets amounted to $141 million (February 28, 2017 - $163 million; February 29, 2016 - $492 million).

Total additions to intangible assets in fiscal 2018 amounted to $30 million (fiscal 2017 - $57 million). During fiscal 2018, the additions to intangible assets primarily consisted of payments for intellectual property relating to patent registration, licenses and maintenance fees.

Based on the carrying value of the identified intangible assets as at February 28, 2018, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for each of the succeeding years is expected to be as follows: fiscal 2019 - $120 million; fiscal 2020 - $101 million; fiscal 2021 - $82 million; fiscal 2022 - $54 million; and fiscal 2023 - $20 million.

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

	As at	
	February 28, 2018	February 28, 2017
Acquired technology	3.2 years	3.4 years
Intellectual property	7.0 years	8.5 years

Other acquired intangibles	4.4 years	5.0 years

Impairment of LLA

As discussed in Note 1, during fiscal 2018 the Company recorded an LLA Impairment Charge of $11 million, which was applicable to certain prepaid royalty arrangements associated with the Company's sale of handheld devices.

During fiscal 2017, the Company recorded the Fiscal 2017 LLA Impairment Charge of $501 million associated with intellectual property within the asset group associated with the Company's handheld devices business. There were no LLA impairment charges taken in fiscal 2016.

Sale, disposal and abandonment of LLA - Intangible assets, net

The Company conducts regular reviews of the individual patents, both organically generated and acquired, composing its patent portfolio. As a result of this review, for the year ended February 28, 2018, the Company ceased enforcement and abandoned legal right and title to patents with a cost of $16 million, accumulated amortization of $10 million, and a net book value of approximately $6 million (February 28, 2017 - $62 million, $55 million, and $7 million respectively; February 29, 2016 - $592 million, $456 million and $136 million, respectively).

Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 28, 2018, February 28, 2017 and February 29, 2016 were as follows:

	Carrying Amount
Carrying amount as at February 28, 2015	$ 85
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(7)
Goodwill acquired through business combinations during the year	540
Carrying amount as at February 29, 2016	618
Goodwill Impairment Charge	(57)
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(2)
Carrying amount as at February 28, 2017	559
Effect of foreign exchange on non-U.S. dollar denominated goodwill	10
Carrying amount as at February 28, 2018	$ 569

As discussed in Note 1, the Company recorded the Goodwill Impairment Charge of $57 million during fiscal 2017.

Long-term receivables

The Company's long-term receivables comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Long-term intellectual property licensing receivable	$ 25	$ —
Mortgage receivable	—	7
	$ 25	$ 7

The Company has a long-term intellectual property licensing receivable comprising a series of future amounts owing from a single licensee. As the amounts of the receivable are long-term in nature, the Company initially measured the payments at present value using an effective interest rate of 4.5%, and will record interest income over time to arrive at the total face value of the remaining payments of $27 million.

Accrued liabilities

Accrued liabilities comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Accrued royalties	18	43
Resource Alignment Program liability, current portion	19	18
Variable incentive accrual	40	29
Other	128	150
	$ 205	$ 240

Other accrued liabilities include, among other items, accrued vendor liabilities, accrued carrier liabilities and payroll withholding taxes, among other items, none of which were greater than 5% of the current liabilities balance.

Other long-term liabilities

Other long-term liabilities consists of the present value of accrued future lease payments associated with the Company's Resource Alignment Program (the "RAP") as described in Note 8.

Business Acquisitions	12 Months Ended Feb. 28, 2018
Business Combinations [Abstract]	
Business Acquisitions	**BUSINESS ACQUISITIONS** There were no business acquisitions during fiscal 2018. In fiscal 2017, the Company paid consideration of $5 million in cash to acquire certain intellectual property and employees of a company, which constituted a business. The Company allocated $4.5 million to intellectual property and $0.5 million to goodwill. The operating results of the acquired business have been included in the years ended February 28, 2018 and February 28, 2017, and are immaterial to the Company's operating results.

Restructuring	12 Months Ended Feb. 28, 2018
Restructuring and Related Activities [Abstract]	
Restructuring	

RESTRUCTURING AND INTEGRATION

Resource Alignment Program

During fiscal 2016, the Company commenced the RAP for its device software, hardware and applications business with the objectives of reallocating Company resources to capitalize on growth opportunities, providing the operational ability to better leverage contract research and development services relating to its handheld devices, and reaching sustainable profitability. 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 RAP liability for fiscal 2018 and fiscal 2017:

	Employee Termination Benefits	Facilities Costs	Other Charges[1]	Total
Balance as at February 29, 2016	$ 12	$ 26	$ —	$ 38
Charges incurred	15	16	31	62
Cash payments made	(18)	(15)	(31)	(64)
Balance as at February 28, 2017	9	27	—	36
Charges incurred	12	26	29	67
Cash payments made	(20)	(14)	(27)	(61)
Balance as at February 28, 2018	$ 1	$ 39	$ 2	$ 42
Current portion	$ 1	$ 16	$ 2	$ 19
Long-term portion	—	23	—	23
	$ 1	$ 39	$ 2	$ 42

[1] Other charges consist of costs associated with redundant systems from acquisitions that are being integrated into a single solution, and the effect of foreign exchange.

The RAP charges included employee termination benefits, facilities and manufacturing network simplification costs as well as integration costs related to the transition and alignment of facilities and systems to the Company's focus on its enterprise software business. Total charges, including non-cash charges incurred in fiscal 2018 and fiscal 2017, were as follows:

	For the Years Ended	
	February 28, 2018	February 28, 2017
Cost of sales	$ 11	$ 25
Research and development	5	4
Selling, marketing and administration	62	235
Total RAP charges	$ 78	$ 264

As discussed in Note 6, the Company completes reviews of the individual patents, both organically generated and acquired, comprising its patent portfolio. As a result of this review, the Company ceased enforcement and abandoned legal right and title to a number of patents. As part of the RAP, the Company classified certain of the charges associated with the selective abandonment of certain patents as restructuring activities, incurring a charge of approximately $4 million for fiscal 2018 (fiscal 2017 - $4 million). The abandonment charges are included in the loss on sale, disposal and abandonment of long-lived assets line of the Company's consolidated statements of operations.

As part of the RAP, the Company decided to sell its data center assets to drive cost savings and efficiencies in the Company. The Company realized a loss on sale of approximately $165 million in fiscal 2017 in relation to the sale of these assets. The loss on sale has been included in the loss on sale, disposal and abandonment of long-lived assets line of the Company's consolidated statements of operations and included in the total RAP charges.

Income Taxes	12 Months Ended Feb. 28, 2018
Income Tax Disclosure [Abstract]	
Income Taxes	

INCOME TAXES

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Statutory Canadian tax rate	26.5%	26.6%	26.6%
Expected provision for (recovery of) income taxes	$ 108	$ (320)	$ (75)
Differences in income taxes resulting from:			
Valuation allowance	(169)	302	58
Investment tax credits	(3)	(20)	(29)
Canadian tax rate differences	—	1	2
Change in unrecognized income tax benefits	8	28	(9)
Foreign tax rate differences	(6)	6	6
Effect of adjustments to deferred tax amounts for enacted changes resulting from U.S. tax reform	67	—	—
Other differences	(5)	1	6
Withholding tax on unremitted earnings	1	—	(33)
	$ 1	$ (2)	$ (74)

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Income (loss) before income taxes:			
Canadian	$ 413	$ (1,301)	$ (278)
Foreign	(7)	93	(4)
	$ 406	$ (1,208)	$ (282)

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Current			
Canadian	$ 1	$ (3)	$ (10)
Foreign	7	(33)	38
Deferred			
Canadian	—	—	(35)
Foreign	(7)	34	(67)

	$ 1	$ (2)	$ (74)

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

	As at	
	February 28, 2018	February 28, 2017
Assets		
Property, plant, equipment and intangibles	$ 190	$ 180
Non-deductible reserves	48	103
Minimum taxes	265	264
Convertible Debentures (see Note 10)	47	12
Research and development	286	259
Tax loss carryforwards	307	503
Other	94	81
Deferred income tax assets	1,237	1,402
Valuation allowance	1,221	1,361
Deferred income tax assets net of valuation allowance	16	41
Liabilities		
Property, plant, equipment and intangibles	(19)	(50)
Withholding tax on unremitted earnings	—	—
Deferred income tax liabilities	(19)	(50)
Net deferred income tax asset (liability)	$ (3)	$ (9)
Deferred income tax asset	$ 3	$ —
Deferred income tax liability	(6)	(9)
	$ (3)	$ (9)

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 2018. In fiscal 2018, the Company was able to utilize a portion of its deferred tax assets resulting in a reduction in the deferred tax valuation allowance of $169 million (February 28, 2017 - increase of $302 million). As a result, the deferred tax valuation allowance had an ending balance of $1,221 million (February 28, 2017 - $1,361 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, 2018 and February 28, 2017 were $73 million and $65 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, 2018	February 28, 2017	February 29, 2016
Unrecognized income tax benefits, opening balance	$ 65	$ 37	$ 11
Increase for income tax positions of prior years	4	28	—
Increase for income tax positions of current year	4	—	34
Settlement of tax positions	—	—	(8)
Other	—	—	—
Unrecognized income tax benefits, ending balance	$ 73	$ 65	$ 37

As at February 28, 2018, $58 million of the unrecognized tax benefits have been netted against deferred income taxes and $15 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 2010 - 2018
United States(2)	Fiscal 2015 - 2018
United Kingdom	Fiscal 2017 - 2018

(1) Includes federal as well as provincial jurisdictions, as applicable.
(2) Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2014 through fiscal 2018.

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 $16 million 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 (loss). The amount of interest accrued as at February 28, 2018 was approximately $2 million (February 28, 2017 - approximately $2 million). The amount of penalties accrued as at February 28, 2018 was nominal (February 28, 2017 - nominal).

As at February 28, 2018, 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	Capital Losses	Research and Development Tax Credits(1)	Minimum Taxes
2029	$ 11	$ —	$ —	$ 1
2030	—	—	4	109
2031	50	—	6	128
2032	86	—	3	27

2033	92	—	110	—
2034	80	—	106	—
2035	2	—	52	—
2036	341	—	41	—
2037	352	—	22	—
2038	184	—	13	—
Indefinite	—	30	14	—
	$ 1,198	$ 30	$ 371	$ 265

(1) Includes federal, provincial and state balances.

On December 22, 2017, the United States enacted tax reform legislation through the Tax Cuts and Jobs Act (the "Tax Act"). This significantly changed U.S. tax laws in a number of ways, including but not limited to, reducing the corporate tax rate from 35% to 21% and moving from a worldwide tax system to a territorial system.

In reporting periods before the adoption of the Tax Act, the Company's intent was not to repatriate foreign earnings; therefore deferred tax was not recorded since it was not probable it would reverse in the foreseeable future. As a result of the enactment of the legislation, the Company incurred a current tax expense of nil in one-time transition tax on deemed mandatory repatriation of earnings.

As a result of other Tax Act changes, the Company re-assessed the recognition of certain of its deferred tax assets and as a result, recorded an additional tax recovery of $3 million.

In addition, the Company's U.S. deferred tax assets and liabilities have been remeasured using a federal tax rate of 21%. Included in deferred income tax expense for changes in enacted rate is a $67 million expense which is fully offset by a $67 million tax recovery for a corresponding decrease in the valuation allowance related to the above mentioned deferred tax assets and liabilities.

The Tax Act requires complex computations to be performed that were not previously required under U.S. tax law, judgments to be made in interpretation of the provisions of the Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced. The U.S. Treasury Department, the Internal Revenue Service, and other standard-setting bodies could interpret or issue guidance on how provisions of the Tax Act will be applied or otherwise administered that is different from the Company's interpretation. At this time, the Company made its best estimate on each aspect of the tax law changes. As the Company completes its analysis, collects and prepares necessary data, and interprets any additional guidance, the Company may make changes to its estimates on a prospective basis.

Long-term Debt Long-term Debt	12 Months Ended Feb. 28, 2018
Debt Disclosure [Abstract]	
Long-term Debt	**LONG-TERM DEBT**

3.75% Convertible Debentures

On September 7, 2016, Fairfax Financial Holdings Limited ("Fairfax") and other institutional investors invested in the Company through a private placement of new debentures in an aggregate amount of $605 million (the "3.75% Debentures"), which partially replaced $1.25 billion aggregate principal amount of debentures issued in a private placement in fiscal 2014 (the "6% Debentures") as described below (collectively, the "Debentures").

Interest on the 3.75% Debentures is payable quarterly in arrears at a rate of 3.75% per annum. The 3.75% Debentures mature on November 13, 2020, and each $1,000 of Debentures is convertible at any time into 100 common shares of the Company, for a total of 60.5 million common shares at a price of $10.00 per share for all 3.75% Debentures, subject to adjustments. Covenants associated with the 3.75% Debentures include limitations on the Company's total indebtedness.

Under specified events of default, the outstanding principal and any accrued interest on the 3.75% Debentures become immediately due and payable upon request of holders holding not less than 25% of the principal amount of the Debentures then outstanding. During an event of default, the interest rate rises to 7.75% per annum.

The 3.75% Debentures are subject to a change of control provision whereby the Company would be required to make an offer to repurchase the 3.75% Debentures at 115% of par value if a person or group (not affiliated with Fairfax) acquires 35% of the Company's outstanding common shares, acquires all or substantially all of its assets, or if the Company merges with another entity and the Company's existing shareholders hold less than 50% of the common shares of the surviving entity.

As of February 28, 2018, the fair value of the 3.75% Debentures was determined to be $782 million. The difference between the fair value of the 3.75% Debentures and the unpaid principal balance of $605 million is $177 million. The fair value of the 3.75% Debentures is measured using Level 2 fair value inputs.

The Company recorded total non-cash charges associated with the change in the fair value of the 3.75% Debentures of $191 million in fiscal 2018. The Company recorded non-cash income associated with the change in the fair value of the 3.75% Debentures of $14 million in fiscal 2017. With the charges associated with the change in the fair value of the 6% Debentures of $38 million as described below, the Company recorded total charges associated with the change in the Debentures of $24 million in fiscal 2017 (the "Fiscal 2017 Debentures fair value adjustments"). Non-cash income associated with the change in the fair value of the 6% Debentures was $430 million in fiscal 2016 (the "Fiscal 2016 Debentures fair value adjustments"). These adjustments are included on their own line of the Company's consolidated statements of operations. For a description of how the adoption of ASU 2016-01 will affect the recording of the fair value of the Debentures, see Note 2.

The Company recorded interest expense related to the Debentures of $23 million, which has been included in investment income (loss) on the Company's consolidated statements of operations in fiscal 2018 (fiscal 2017 - $48 million; fiscal 2016 - $75 million). The Company is required to make quarterly interest-only payments of approximately $6 million during the remaining term the 3.75% Debentures are outstanding.

Fairfax, a related party under U.S. GAAP, owned $500 million principal amount of the 6% Debentures and also purchased $500 million principal amount of the 3.75% Debentures. As such, the redemption of Fairfax's portion of the 6% Debentures, the investment by Fairfax in the 3.75% Debentures and the payment of interest on the 3.75% Debentures represent related-party transactions. Fairfax receives interest at the same rate as other Debenture holders.

6% Convertible Debentures

In fiscal 2014, the Company issued $1.25 billion of 6% Debentures. The terms of the 6% Debentures were substantially similar to those of the 3.75% Debentures, except for an interest rate of 6%, and the Company had an option to redeem the 6% Debentures after November 13, 2016 at specified redemption prices in specified periods.

As at February 28, 2016, the fair value of the 6% Debentures was $1.28 billion. The Company recorded non-cash charges associated with the change in the fair value of the 6% Debentures of $38 million in fiscal 2017 prior to the redemption as described below.

On August 4, 2016, the Company announced that the Toronto Stock Exchange had accepted notice of the Company’s normal course issuer bid to purchase up to $125 million principal amount of the outstanding 6% Debentures, representing 10% of the outstanding 6% Debentures as at July 31, 2016. During the second quarter of fiscal 2017, the Company repurchased and canceled approximately $5.0 million principal amount of 6% Debentures for approximately $5.3 million.

On August 26, 2016, the Company announced that, with the approval of the holders of the 6% Debentures, the indenture governing the 6% Debentures had been amended to permit optional redemption by the Company prior to November 13, 2016, the first date the Company would have otherwise been able to redeem the 6% Debentures. The Company announced that it would redeem the 6% Debentures for a redemption amount of approximately $1.33 billion (the “Redemption Amount”, which included approximately $19 million in accrued interest), which would settle all outstanding obligations of the Company in respect of the 6% Debentures. The redemption was completed on September 2, 2016. As the Company accounted for the 6% Debentures at fair value, the impact to the consolidated statements of operations of the redemption was recorded in the second quarter of fiscal 2017, as the Redemption Amount represented the fair value of the 6% Debentures at August 31, 2016.

Capital Stock

12 Months Ended Feb. 28, 2018

[Share-based Compensation [Abstract]]

[Capital Stock]

CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. As at February 28, 2018 and February 28, 2017, 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, 2018, February 28, 2017 and February 29, 2016:

	Capital Stock and Additional Paid-in Capital	
	Stock Outstanding (000's)	Amount
Common shares outstanding as at February 28, 2015	528,802	$ 2,444
Exercise of stock options	402	3
Common shares issued for RSU settlements	4,320	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Share repurchase	(12,607)	(59)
Common shares issued for employee share purchase plan	183	1
Common shares issued on the redemption of deferred share units	72	—
Common shares outstanding as at February 29, 2016	521,172	2,448
Exercise of stock options	131	1
Common shares issued for RSU settlements	8,689	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Common shares issued for employee share purchase plan	505	4
Common shares outstanding as at February 28, 2017	530,497	2,512
Exercise of stock options	536	4
Common shares issued for RSU settlements	7,258	—
Stock-based compensation	—	49
Share repurchase	(1,992)	(9)
Common shares issued for employee share purchase plan	435	4
Common shares outstanding as at February 28, 2018	536,734	$ 2,560

The Company had 537 million voting common shares outstanding, 1 million options to purchase voting common shares, 15 million RSUs and 0.7 million DSUs outstanding as at March 26, 2018.

On June 23, 2017, the Company announced that it received acceptance from the Toronto Stock Exchange with respect to a normal course issuer bid to purchase for cancellation up to 31 million common shares of the Company, or approximately 6.4% of the outstanding public float at May 31, 2017. During Fiscal 2018, the Company repurchased approximately

2 million common shares at a cost of approximately $18 million. The Company recorded a reduction of approximately $9 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares of approximately $9 million was charged to deficit. All common shares repurchased by the Company pursuant to the normal course issuer bid have been canceled.

During fiscal 2017, the Company did not repurchase any common shares.

On May 6, 2015, the Board authorized a share repurchase program to purchase for cancellation up to 12 million common shares of the Company, or approximately 2.5% of the outstanding public float as of June 22, 2015. This was subsequently increased to 27 million common shares, or 5.8% of the public float as of June 22, 2015. During fiscal 2016, the Company repurchased 13 million common shares at a cost of approximately $93 million. The Company recorded a reduction of approximately $59 million to capital stock and the amount paid in excess of the per share paid-in capital of the common shares repurchased of approximately $34 million was charged to retained earnings. All common shares repurchased by the Company were canceled. The common share repurchase program that the Company commenced on June 29, 2015 expired on June 28, 2016.

(b) Stock-based compensation

Stock options

The Company recorded a charge to income and a credit to paid-in-capital of approximately $1 million in fiscal 2018 (fiscal 2017 - $1 million; fiscal 2016 - $1 million) in relation to stock option-based compensation expense.

The Company has presented excess tax deficiencies from the exercise of stock option-based compensation awards as a financing activity in the consolidated statements of cash flows.

Stock options previously granted under the Equity Plan generally vest over a period of three years, and are generally exercisable over a period of five years from the grant date. The Company issues new shares to satisfy stock option exercises. There are approximately 22 million shares in the equity pool available for future grants under the Equity Plan as at February 28, 2018.

A summary of option activity since February 28, 2015 is shown below:

	Options Outstanding			
	Number (000's)	Weighted Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	1,486	$ 9.34		
Granted during the year	772	6.30		
Exercised during the year	(402)	6.09		
Forfeited/canceled/expired during the year	(382)	14.45		
Balance as at February 29, 2016	1,474	7.01		
Granted during the year	673	7.96		
Exercised during the year	(131)	6.14		
Forfeited/canceled/expired during the year	(393)	7.44		
Balance as at February 28, 2017	1,623	7.46		
Exercised during the year	(536)	7.31		
Forfeited/canceled/expired during the year	(225)	7.68		
Balance as at February 28, 2018	862	$ 7.57	3.45	$ 4
Vested and expected to vest as at February 28, 2018	834	$ 7.58	3.43	$ 4

Exercisable as at February 28, 2018	411	$ 7.69	2.85	$ 2

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been received by the option holders if all in-the-money options had been exercised on February 28, 2018. The intrinsic value of stock options exercised during fiscal 2018, calculated using the average market price during the year, was approximately $2.89 per share.

A summary of unvested stock options since February 28, 2017 is shown below:

	Options Outstanding	
	Number (000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2017	1,020	$ 2.55
Vested during the year	(421)	2.68
Forfeited during the year	(148)	2.66
Balance as at February 28, 2018	451	$ 2.40

As at February 28, 2018, there was $1 million of unrecognized stock-based compensation expense related to unvested stock options that will be expensed over the vesting period, which, on a weighted average basis, results in a period of approximately 1.24 years. The total fair value of stock options vested during the year ended February 28, 2018 amounted to $1 million (February 28, 2017 - $1 million, February 29, 2016 - $2 million).

Cash received from the stock options exercised for the year ended February 28, 2018 amounted to $4 million (February 28, 2017 - $1 million; February 29, 2016 - $3 million). There were no tax deficiencies incurred by the Company related to stock options exercised at February 28, 2018 (February 28, 2017 – tax deficiency of nil; February 29, 2016 – tax deficiency of nil).

During the year ended February 28, 2018, there were no stock options granted (February 28, 2017 - 672,712; February 29, 2016 - 772,056). The weighted average fair value of these grants was calculated using the BSM option pricing model with the following assumptions:

	February 28, 2018	February 28, 2017	February 29, 2016
Weighted average grant date fair value of stock options granted during the period	$ —	$ 2.36	$ 2.49
Assumptions:			
Risk-free interest rates	—%	0.92%	1.00%
Expected life in years	0.00	3.52	3.38
Expected dividend yield	—%	—%	—%
Volatility	—%	38.86%	54.60%

The Company has no current expectation of paying cash dividends on its common shares. The risk-free interest rates utilized during the life of the stock options are based on a U.S. Treasury security for an equivalent period. The Company estimates the volatility of its common shares at the date of grant based on a combination of the implied volatility of publicly traded options on its common shares and historical volatility, as the Company believes that this is a reasonable indicator of expected volatility going forward. The expected life of stock options granted under the Equity Plan is based on historical exercise patterns, which the Company believes are representative of future exercise patterns.

Restricted Share Units

The Company recorded compensation expense with respect to RSUs of approximately $48 million in the year ended February 28, 2018 (February 28, 2017 - $59 million; February 29, 2016 - $59 million).

A summary of RSU activity since February 28, 2015 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	26,001	$ 7.84		
Granted during the year	8,986	7.20		
Vested during the year	(4,320)	8.75		
Forfeited/cancelled during the year	(2,997)	8.84		
Balance as at February 29, 2016	27,670	7.38		
Granted during the year	5,126	7.77		
Vested during the year	(8,691)	7.69		
Forfeited/cancelled during the year	(3,273)	7.94		
Balance as at February 28, 2017	20,832	7.26		
Granted during the year	3,503	10.84		
Vested during the year	(7,258)	7.43		
Forfeited/cancelled during the year	(2,145)	8.22		
Balance as at February 28, 2018	14,932	$ 7.87	1.12	$ 181
Vested and expected to vest February 28, 2018	14,157	$ 7.81	1.10	$ 172

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, 2018, that would have been received by RSU holders if all RSUs had been vested on February 28, 2018).

Tax deficiencies incurred by the Company related to the RSUs vested were nil for the year ended February 28, 2018 (February 28, 2017 - tax deficiency of $1 million; February 29, 2016 - tax deficiency of $1 million).

As at February 28, 2018, there was $63 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 1.12 years.

During the year ended February 28, 2018, there were 3,502,755 RSUs granted (February 28, 2017 - 5,126,346), all of which will be settled upon vesting by the issuance of new common shares.

Deferred Share Units

The Company issued 129,015 DSUs in the year ended February 28, 2018. There were 0.7 million DSUs outstanding as at February 28, 2018 (February 28, 2017 - 0.5 million). The Company had a liability of $8.2 million in relation to the DSU Plan as at February 28, 2018 (February 28, 2017 - $3.8 million) included in accrued liabilities.

Earnings (Loss) Per Share Earnings (Loss) Per Share	12 Months Ended Feb. 28, 2018

Earnings Per Share [Abstract]

Earnings (Loss) Per Share

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, 2018	February 28, 2017	February 29, 2016
Net income (loss) for basic and diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (208)
Less: Debentures fair value adjustment (1) (2)	—	—	(430)
Add: interest expense on Debentures (1) (2)	—	—	75
Net income (loss) for diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (563)
Weighted average number of shares outstanding (000's) - basic and diluted (2)(3)	532,888	525,265	526,303
Effect of dilutive securities (000's)			
Stock-based compensation (3) (4)	12,998	—	—
Conversion of Debentures (1) (2)	—	—	125,000
Weighted average number of shares and assumed conversions (000's) - diluted	545,886	525,265	651,303
Earnings (loss) per share - reported			
Basic	$ 0.76	$ (2.30)	$ (0.40)
Diluted	$ 0.74	$ (2.30)	$ (0.86)

(1) The Company has not presented the dilutive effect of the Debentures using the if-converted method in the calculation of diluted earnings (loss) per share for the years ended February 28, 2018 and February 28, 2017, as to do so would be antidilutive. See Note 10 for details on the Debentures.

(2) The Company has presented the dilutive effect of the 6% Debentures using the if-converted method, assuming conversion at the beginning of fiscal 2016 for the year ended February 28, 2016. Accordingly, to calculate diluted earnings (loss) per share, the Company adjusted net loss by eliminating the Fiscal 2016 Debentures fair value adjustments and interest expense incurred on the 6% Debentures in the year ended February 29, 2016, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 10 for details on the 6% Debentures.

(3) The Company has not presented the dilutive effect of in-the-money options or RSUs that will be settled upon vesting by the issuance of new common shares in the calculation of diluted earnings (loss) per share for the years ended February 28, 2017 and February 29, 2016, 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 earnings (loss) per share for the year ended February 28, 2018. As at February 28, 2018, there were 790,918 options and 14,068,069 RSUs outstanding that were in-the-money and may have a dilutive effect on earnings (loss) per share in future periods.

Accumulated Other Comprehensive Income (Loss)	12 Months Ended
	Feb. 28, 2018
Equity [Abstract]	
Accumulated Other Comprehensive Income (Loss)	**ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)** The components of accumulated other comprehensive loss are as follows:

	As at		
	February 28, 2018	February 28, 2017	February 29, 2016
Accumulated net unrealized gains (losses) on available-for-sale investments	$ (7)	$ (4)	$ 3
Accumulated net unrealized losses on derivative instruments designated as cash flow hedges, net of tax	(1)	—	(1)
Foreign currency cumulative translation adjustment	(1)	(13)	(10)
Actuarial losses associated with other post-employment benefit obligations	(1)	—	—
Accumulated other comprehensive loss	$ (10)	$ (17)	$ (8)

During the year ended February 28, 2018, $2 million in gains (pre-tax and post-tax) associated with cash flow hedges were reclassified from AOCI into selling, marketing and administration expenses. For details concerning the impact of the adoption of ASU 2016-01 on AOCI, see Note 2.

Commitments and Contingencies	12 Months Ended Feb. 28, 2018
Commitments and Contingencies Disclosure [Abstract]	
Commitments and Contingencies	

COMMITMENTS AND CONTINGENCIES

(a) Credit facility and letters of credit

The Company has $33 million in collateralized outstanding letters of credit in support of certain leasing arrangements entered into in the ordinary course of business. See the discussion of restricted cash in Note 3.

(b) Qualcomm arbitration award

On April 20, 2016, the Company and Qualcomm Incorporated ("Qualcomm") entered into an agreement to arbitrate a dispute regarding whether Qualcomm's agreement to cap certain royalties applied to payments made by the Company under a license between the parties. The binding arbitration hearing was held from February 27, 2017 to March 3, 2017 under the Judicial Arbitration and Mediation Services rules in San Diego, California. On April 11, 2017, the arbitration panel issued an interim decision, finding in favour of the Company. Subsequently, the Company reached an agreement with Qualcomm resolving all amounts payable in connection with the interim arbitration decision. Following a joint stipulation by the parties, the arbitration panel issued a final award on May 26, 2017 providing for the payment by Qualcomm to the Company of a total amount of $940 million including interest and attorneys' fees, which was net of $22 million in certain royalties owed by the Company to Qualcomm for calendar 2016 and the first quarter of calendar 2017 previously recorded within accrued liabilities on the consolidated balance sheets.

Approximately $815 million of the arbitration award represents the return of royalty overpayments. This amount was recorded within Arbitration awards, net on the consolidated statements of operations in the first quarter of fiscal 2018. The Company also recorded on the consolidated statements of operations, recoveries of legal expenses of approximately $8 million included in selling, marketing and administration, and $139 million of interest income within investment income (loss), net, for a total gain associated with the award of $962 million.

(c) Nokia arbitration decision

On April 28, 2016, Nokia Corporation ("Nokia") filed a Request for Arbitration with the International Chamber of Commerce International Court of Arbitration. The dispute related to whether certain payments due under a patent agreement between the parties were in fact owed under the terms of the agreement. An arbitration hearing was held May 8-9, 2017 in New York and on November 29, 2017, the arbitration panel issued a decision, finding in favour of Nokia and awarding it approximately $137 million. On December 12, 2017, Nokia submitted a Petition for Correction to the arbitrators requesting correction of a computational error in the amount of pre-award interest provided for in the original award. On January 31, 2018, the arbitrators issued an addendum correcting this error. As a result, the Company recorded $148 million in charges associated with the arbitration, consisting of $132 million within Arbitration awards, net and $16 million in interest expense within investment income (loss), net on the consolidated statements of operations.

(d) Lease commitments

The Company is committed to future minimum annual lease payments related to real estate operating leases as follows:

For the fiscal years ending:

2019	$	33
2020		28
2021		18
2022		15
2023		15
Thereafter		29
	$	138

For the year ended February 28, 2018, the Company incurred rental expense of $32 million (February 28, 2017 - $37 million; February 29, 2016 - $45 million).

(e) 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, subject the Company to significant liabilities and could have the other effects that are described in greater detail under "Risk Factors" in the Company's unaudited Annual Information Form for the fiscal year ended February 28, 2018, which is included in the Company's Annual Report on Form 40-F, including the risk factors entitled "Litigation against the Company may result in adverse outcomes" and "The Company could be found to have infringed on the intellectual property rights of others".

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 determinable 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, 2018, with the exception noted below relating to the GTC Lawsuit (as defined below), there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable; therefore, no accrual has been made. Further, there are claims outstanding for which the Company has assessed the potential loss as reasonably possible to result; however, an estimate of the amount of loss cannot reasonably be made. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the early stages of a proceeding does not require the claimant to specifically identify the patent that has allegedly been infringed; 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 (e.g., once a patent is identified, the analysis of the patent and a comparison to the activities of the Company is a labour-intensive and highly technical process); 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.

Though they do not meet the test for accrual described above, the Company has included the following summaries of certain of its legal proceedings that it believes may be of interest to its investors.

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.

On March 14, 2014, the four putative U.S. class actions were consolidated in the U.S. District Court for the Southern District of New York, and on May 27, 2014, a consolidated amended class action complaint was filed. On March 13, 2015, the Court issued an order granting the Company's motion to dismiss. The Court denied plaintiffs' motion for reconsideration and for leave to file an amended complaint on November 13, 2015. On August 24, 2016, the U.S. Court of Appeals for the Second Circuit affirmed the District Court order dismissing the complaint, but vacated the order denying leave to amend and remanded to the District Court for further proceedings in connection with plaintiffs' request for leave to amend. The Court granted the plaintiffs' motion for leave to amend on September 13, 2017. The plaintiffs filed a second consolidated amended class action complaint (the "Second Amended Complaint"), which added the Company's Chief Legal Officer as a defendant, on September 29, 2017. The Court denied the motion to dismiss the Second Amended Complaint on March 19, 2018.

On July 23, 2014, the plaintiffs in the putative Ontario class action filed a motion for certification and leave to pursue statutory misrepresentation claims. On November 16, 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 January 22, 2016, the court postponed the hearing on the plaintiffs' certification motion to an undetermined date after asking the Company to file a motion to dismiss the claims of the U.S. plaintiffs for forum non conveniens. Briefing is complete and the parties are waiting for a hearing date from the Court. Trial court proceedings are on hold until all appeals related to the order granting the plaintiffs' motion for leave to amended are exhausted.

On October 12, 2015, a group of Good's institutional investors filed a putative class action lawsuit on behalf of Good's common shareholders against members of Good's former board of directors (the "GTC Directors") related to the Company's acquisition of Good (the "GTC Lawsuit"). The plaintiffs allege that the GTC Directors breached their fiduciary duty by engaging in a self-interested transaction that benefited the preferred shareholders at the expense of the common shareholders. The plaintiffs are seeking monetary damages, as well as rescission of the merger agreement between Good and the Company. While neither Good nor the Company are parties to the GTC Lawsuit, Good has certain obligations to indemnify some of the defendants and is providing a defense. On October 29, 2015, Good filed a complaint alleging that the plaintiffs breached their contractual obligations under a voting agreement providing that, in the event of a sale transaction that was approved by both the GTC Directors and a majority of the Good preferred shareholders, the plaintiffs were required to vote their shares in favour of the transaction and refrain from exercising any appraisal or dissent rights (the "Voting Rights Lawsuit"). Good alleges that the filing of the GTC Lawsuit was a breach of the voting agreement. On December 31, 2015, several Good shareholders filed a petition seeking appraisal against Good (the "Appraisal Lawsuit"). On August 25, 2016, the Court granted the plaintiff's motion for leave to file an amended complaint in the GTC Lawsuit naming additional defendants, including JP Morgan Chase and various venture capital funds whose designees were Good directors (the "Fund Defendants"). Good and the Company are not named in the amended complaint. On May

23, 2017, the plaintiffs reached a tentative settlement with the GTC Directors and Fund Defendants of the GTC Lawsuit. On May 31, 2017, the plaintiffs and JP Morgan Chase reached a tentative settlement of the GTC Lawsuit. On July 24, 2017, Good, the Petitioners in the Appraisal Lawsuit and the defendants in the Voting Rights Lawsuit entered into an Agreement of Settlement, Dismissal, and Release and filed same with the court. On August 8, 2017, the Court issued an order granting the parties' settlement terms. On August 18, 2017, the Company and JP Morgan Chase entered into a Settlement Funding Agreement, by which the Company agreed to fund JP Morgan Chase's settlement with plaintiffs. On August 22, 2017, JP Morgan Chase and the plaintiffs filed a Stipulation and Agreement of Compromise and Settlement with the Court. On November 9, 2017, the Company filed a demand for arbitration seeking the release of funds from an escrow fund account established when the Company acquired Good to indemnify the Company for certain costs incurred in connection with the defense and settlement of the GTC Lawsuit and the Appraisal Lawsuit. The arbitration hearing is scheduled for September 10-12, 2018.

The GTC Lawsuit is stayed pending court approval of all tentative settlements. During the first quarter of fiscal 2018, the Company accrued $10 million for legal costs related to litigation arising out of its acquisition of Good.

(f) Concentrations in certain areas of the Company's business

The Company attempts to ensure that most components essential to the Company's business are generally available from
multiple sources; however, certain components are currently obtained from limited sources within a competitive market,
which subjects the Company to significant supply, availability and pricing risks. The Company has also entered into various agreements for the supply of components, the manufacturing of its products and agreements that allow the Company to use intellectual property owned by other companies; however, there can be no guarantee that the Company will be able to extend or renew these agreements on similar terms, or at all. Therefore, the Company remains subject to risks of supply shortages and intellectual property litigation risk.

(g) 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 which could arise by reason of their status as directors or officers. The Company maintains liability insurance coverage for the benefit of its current and former directors and executive officers. The Company has not encountered material costs as a result of such indemnifications in fiscal 2018. See the Company's Management Information Circular for fiscal 2017 for additional information regarding the Company's indemnification agreements with its current and former directors and executive officers.

Segment Disclosures	12 Months Ended Feb. 28, 2018

Segment Reporting [Abstract]

Segment Disclosures

SEGMENT DISCLOSURES

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by the CODM for making decisions and assessing performance as a source of the Company's reportable operating segments. In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on software and services that secure, manage and connect the Enterprise of Things, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its SAF. As a result, the CODM, who is the Chief Executive Officer of the Company, now reviews financial information, makes decisions and assesses the performance of the Company as a single operating segment.

Revenue, classified by major geographic regions in which the Company's customers are located, was as follows:

	For the Years Ended					
	February 28, 2018		February 28, 2017		February 29, 2016	
North America [(1)]	540	58.0%	659	50.3%	893	41.3%
Europe, Middle East and Africa	278	29.8%	461	35.2%	857	39.7%
Latin America	15	1.6%	35	2.7%	135	6.3%
Asia Pacific	99	10.6%	154	11.8%	275	12.7%
	$ 932	100.0%	$ 1,309	100.0%	$ 2,160	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.

Total revenues, classified by product and service type, were as follows:

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Enterprise software and services	$ 388	$ 345	$ 211
BlackBerry Technology Solutions	163	151	135
Licensing, IP and other	196	126	151
Handheld devices	64	374	884
SAF	121	313	779
	$ 932	$ 1,309	$ 2,160

Enterprise software and services includes revenues from the Company's security, productivity, collaboration and end-point management solutions through the BlackBerry Secure platform, which includes BlackBerry Unified Endpoint Manager (UEM), BlackBerry Dynamics, BlackBerry Workspaces and BBM Enterprise, among other products and applications, as well as revenues from the sale of the Company's AtHoc Alert secure networked crisis communications solution, its Secusmart SecuSUITE secure voice and text solution, and professional services from BlackBerry Cybersecurity Services.

BlackBerry Technology Solutions includes revenues from the Company's QNX CAR Platform and Neutrino Operating System, among other BlackBerry QNX products, as well as revenues from the Company's BlackBerry Radar asset tracking solution, Paratek antenna tuning technology, and Certicom cryptography and key management products.

Licensing, IP and other includes revenues from the Company's mobility licensing software arrangements, including revenue from licensed hardware sales and intellectual property licensing, and from the Company's BBM Consumer licensing arrangement.

Handheld devices includes revenues from the sale of the DTEK60 and all prior BlackBerry smartphone models to carriers and distributors, accessories and repair services of handheld devices.

SAF includes revenues associated with the Company's legacy SAF business, relating to subscribers utilizing the Company's legacy BlackBerry 7 and prior operating systems, as well as revenues relating to unspecified future software upgrade rights for devices sold by the Company.

Property, plant and equipment, intangible assets and goodwill, classified by geographic segments in which the Company's assets are located, was as follows:

	As at			
	February 28, 2018		February 28, 2017	
	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets
Canada	$ 257	$ 481	$ 312	$ 526
United States	772	3,058	871	2,490
Other	81	241	69	280
	$ 1,110	$ 3,780	$ 1,252	$ 3,296

Information about major customers

There were no customers that comprised more than 10% of the Company's revenue in fiscal 2018 (fiscal 2017 - no customers that comprised more than 10%; fiscal 2016 - no customers that comprised more than 10%).

Cash Flow Information	12 Months Ended Feb. 28, 2018

Supplemental Cash Flow Information [Abstract]

Cash Flow Information

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, 2018	February 28, 2017	February 29, 2016
Interest paid during the year	$ 39	$ 48	$ 75
Income taxes paid during the year	6	10	30
Income tax refunds received during the year	7	19	172

(b) Additional information

Advertising expense, which includes media, agency and promotional expenses totaling $23 million (February 28, 2017 - $38 million; February 29, 2016 - $102 million) is included in selling, marketing and administration expenses for the fiscal year ended February 28, 2018.

Selling, marketing and administration expenses for the fiscal year ended February 28, 2018 included nil with respect to foreign exchange losses (February 28, 2017 - losses of $4 million; February 29, 2016 - losses of $12 million).

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates (Policies)	12 Months Ended Feb. 28, 2018
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Basis of presentation and preparation	**Basis of Presentation and Preparation** The consolidated financial statements include the accounts of all subsidiaries of the Company with intercompany transactions and balances eliminated on consolidation. All of the Company's subsidiaries are wholly owned. These consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles ("U.S. GAAP") on a basis consistent for all periods presented, except as described in Note 2. Certain of the comparative figures have been reclassified to conform to the current year's presentation. In the first quarter of fiscal 2018, the Company made adjustments to its reporting structure in line with its business shift towards focusing on enterprise communication and collaboration software and services, the transition of its hardware strategy from an outsourced handset manufacturing model to a licensing model, and the continued reduction in its service access fees ("SAF"). As a result, the Chief Operating Decision Maker (the "CODM"), who is the Chief Executive Officer of the Company, began making decisions and assessing the performance of the Company as a single operating segment. For additional information concerning the Company's segment reporting, see Note 15.
Use of 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 the determination of reserves for various litigation claims, revenue-related estimates including vendor-specific objective evidence of selling price ("VSOE"), best estimated selling price ("BESP"), right of return and customer incentive commitments, royalties, fair value of goodwill, long-lived asset impairment, amortization expense, fair values of assets acquired and liabilities assumed in business combinations, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, allowance for doubtful accounts, and the fair values of financial instruments. Actual results could differ from these estimates.
Foreign currency translation	***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 revenues and expenses are translated at the rates of exchange prevailing when the transactions occurred. Re-measurement 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 subsidiaries are translated into U.S. dollars at the exchange rates in effect as at the consolidated balance sheet dates. Revenue and expenses are translated using

monthly average exchange rates. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a currency translation adjustment within accumulated other comprehensive income (loss) (“AOCI”).

Cash and cash equivalents

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

Accounts receivable, net

The accounts receivable balance reflects invoiced and accrued revenue and is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in the accounts receivable balance. 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 network carriers rather than directly.

The Company evaluates the collectability of its accounts receivable balance based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. 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 bad debt 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 receivables balances could be further adjusted.

Investments

Investments

The Company’s cash equivalents and investments, other than cost method investments, 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 AOCI 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. In the event of a decline in value that is other-than-temporary, the investment is written down to fair value with a charge to income. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities at 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), 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 are classified as long-term investments.

The Company assesses individual investments that are in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. 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 intent and ability to hold the investment. In the event that a decline in the fair value of an investment occurs and that decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment as at the consolidated balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

If a debt security's market value is below its amortized cost and either the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income, and the remaining other-than-temporary impairment would be recorded as a component of AOCI.

Derivative financial instruments

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 effective portion of the derivative's gain or loss is initially reported as a component of AOCI, net of tax, and subsequently reclassified into income in the same period or periods in which the hedged item affects income. The ineffective portion of the derivative's gain or loss is recognized in current 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 AOCI 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 changes in the U.S. dollar value of the associated asset, liability or forecasted transaction.

Inventories

Inventories

Raw materials, work in process and finished goods are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in, first-out basis. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal.

Property, plant and equipment, net

Property, plant and equipment, net

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 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 20% per annum

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

Buildings, leasehold improvements and other	Straight-line over terms between 5 and 40 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 20% per annum

Goodwill

Goodwill

Goodwill represents the excess of the acquisition price 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, during the fourth quarter, 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.

The Company has historically tested goodwill for impairment as of January 31 during each fiscal year; however, in fiscal 2018 the Company changed the date of its annual goodwill impairment test to December 31 of each fiscal year in order to allow for more time to complete the test, the complexity of which has increased with the Company’s transition from a hardware company to a software company and the change in reporting unit structure noted below. The Company does not believe that this change in goodwill impairment testing date represents a material change in accounting principle as the change did not have a material effect to the financial statements in light of the continuing requirement to assess goodwill impairment in the presence of certain indicators and the significant excess of fair value over carrying value at both dates.

The Company did not have any goodwill impairment in fiscal 2018.

As a result of the internal reporting reorganization in fiscal 2017, and the Company’s transition to segmented reporting in that fiscal year, the change in reporting unit structure necessitated a goodwill impairment assessment preceding and following the reorganization of reporting units. The impairment test was carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. Following the reorganization, goodwill was assigned to the reporting units based upon the relative fair value allocation approach. The estimated fair value was determined utilizing multiple approaches based on the reporting units valued. In its analysis, the Company utilized multiple valuation techniques, including the income approach, discounted future cash flows, the market-based approach, and the asset value approach. The carrying amount of the Company's assets was assigned to reporting units using reasonable methodologies based on the asset type. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary. Different judgments could yield different results.

The completion of step one of the goodwill impairment test following the internal reporting reorganization provided indications of impairment in certain reporting units, necessitating step two.

In the second step, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The second step involves significant judgment in the selection of assumptions necessary to arrive at an implied fair value of goodwill. Different judgments could yield different results.

Using the impaired reporting units' fair value determined in step one as the acquisition prices in hypothetical acquisitions of the reporting units, the implied fair values of goodwill were calculated as the residual amount of the acquisition price after allocations made to the fair values of net assets, including working capital, property, plant and equipment and both recognized and unrecognized intangible assets. Based on the results of step two of the goodwill impairment test in fiscal 2017, it was concluded that the carrying value of goodwill was impaired. Consequently, the Company recorded a goodwill impairment charge of $57 million (the "Goodwill Impairment Charge"), in the first quarter of fiscal 2017. The results of step one of the goodwill impairment test also indicated impairment in the asset groups associated with those reporting units, resulting in the long-lived asset impairment test as discussed below.

Intangible assets

Intangible assets

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

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Acquired technology consists of intangible assets acquired through business acquisitions. Intellectual property consists of patents (both purchased and internally generated) and agreements with third parties for the use of intellectual property. 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

Impairment of long-lived assets

The Company reviews long-lived assets ("LLA") such as property, plant and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount 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 requires the Company to identify its asset groups and test impairment of each asset group separately. To conduct the LLA impairment test, the asset group is tested for recoverability using undiscounted cash flows over the remaining useful life of the primary asset. If forecasted net cash flows are less than the carrying amount of the asset group, an impairment charge is measured by comparing the fair value of the asset group to its carrying value. Determining the Company's asset groups and related primary assets requires significant judgment by management. Different judgments could yield different results.

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 amount of its net assets. If the net cash flows of the asset group exceed the carrying amount of its net assets, LLA are not considered to be impaired. If the carrying amount 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 amount of the asset group's net assets exceeds the fair value of the Company, then the excess represents the maximum amount of potential impairment that will be allocated to 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. In the second quarter of fiscal 2018, the Company performed an LLA impairment analysis on an asset group associated with certain prepaid royalty arrangements associated with the Company's sale of handheld devices, using the procedure described above, which included a cash flow recoverability test. The estimated undiscounted net cash flows of the asset group were determined utilizing the Company's internal forecasts. The Company concluded that the carrying value of the asset group exceeded the undiscounted net cash flows. Consequently, step two of the LLA impairment test was performed whereby the fair values of certain of the Company's assets were compared to their carrying values. As a result of the analysis, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $11 million (the "Fiscal 2018 LLA Impairment Charge") in the second quarter of fiscal 2018.

In the first quarter of fiscal 2017, as a result of step one of the goodwill impairment assessment, the Company performed an LLA impairment analysis on the intellectual property within the asset group associated with the Company's handheld devices business using the procedure described above. As a result of such LLA impairment test, the Company recorded a non-cash, pre-tax and after-tax charge against its LLA of approximately $501 million (the "Fiscal 2017 LLA Impairment Charge") in the first quarter of fiscal 2017

Business acquisitions

Business acquisitions

The Company accounts for its acquisitions using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at their fair values as of the date of acquisition. The excess of the acquisition price over such fair value, if any, is recorded as goodwill, which is not expected to be deductible for tax purposes. The Company includes the operating results of each acquired business in the consolidated financial statements from the date of acquisition.

Royalties

Royalties

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

Warranty

Warranty

The Company records the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs. The Company does not have any warranty obligations associated with BlackBerry-branded smartphones sold by licensing partners.

The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair costs. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Convertible debentures

Convertible debentures

The Company elected to measure its outstanding convertible debentures (collectively, the "Debentures" as defined in Note 10) at fair value in accordance with the fair value option. Each period, the fair value of the Debentures is recalculated and resulting gains and losses from the change in fair value of the Debentures are recognized in income. The fair value of the Debentures has been determined using the significant inputs of principal value, interest rate spreads and curves, embedded call option prices, the market price and volatility of the Company's listed common shares and the Company's implicit credit spread.

Revenue Recognition

Revenue recognition

The Company recognizes revenue as earned when the following four criteria have been met: (i) when persuasive evidence of an arrangement exists, (ii) the product has been delivered to a customer and title has been transferred or the services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collection is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each of the Company's major categories of revenue.

See Note 15 for a description of the Company's revenues by product and service type and what each grouping contains.

Software and services

Revenue from Enterprise Software and Services and BlackBerry Technology Solutions

The Company generates revenue from both perpetual and term licenses, both of which are often bundled with other products and services including maintenance, technical support, professional services and other related services.

Revenue from perpetual licenses is recognized upon delivery, as the software has standalone value, if the Company has obtained VSOE of fair value of undelivered products and services bundled with the perpetual license. If VSOE of fair value of all undelivered elements has been established, the license revenue is recognized upon delivery and the undelivered elements including software maintenance, unspecified upgrades and technical support are recognized over the period that such items are delivered or those services are provided.

Revenue from term licensed software is recognized in a manner consistent with revenue from perpetual licenses in instances where VSOE of fair value of all undelivered elements has not been established, in which case all revenue is recognized ratably over the longer of the service delivery periods or the contract term.

When the VSOE of fair value has not been established, the Company uses the residual method to recognize revenue if the VSOE of fair value of undelivered elements is determinable. Additional detail regarding the accounting policies for multiple element arrangements is provided below.

Revenue from professional services can be part of software license arrangements or sold separately. When professional services are sold as part of software license arrangements, recognition of revenue for the entire transaction either occurs over the period in which the services are expected to be performed or does not commence until completion and acceptance of these professional services, depending on the facts and circumstances of the transaction. Revenue from professional services sold separately from software licenses is recognized upon completion of the services.

Revenue from renewals of support and maintenance contracts is recognized ratably over the contract term.

Hardware

Revenue from Handheld Devices

Revenue for handheld devices was recognized when the four revenue recognition criteria noted above are met. The Company recorded reductions to revenue for estimated commitments related to price protection, rights of return and customer incentive programs. If there was a risk of future pricing concessions and a reliable estimate could not be made at the time of shipment, the Company recognized the related revenue and costs of goods sold when its products were sold through to an end user.

Significant judgment was applied by the Company to determine whether shipments of devices met the Company's revenue recognition criteria, as the analysis was dependent on many facts and circumstances. The Company recognized revenue upon shipment provided that the Company was able to conclude that the price was fixed or determinable. Sales of the Company's devices to wireless carriers in certain regions were recognized as revenue at the time of shipment. Other shipments of devices were recognized as revenue only when the devices sold through to end users. For shipments where the Company recognized revenue when the product was sold through to an end user, the Company determined the point at which that happened based upon internally generated reporting indicating when the devices are activated on the Company's relay infrastructure.

Service access fees

Revenue from Service Access Fees

Revenue from service access fees is recognized ratably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the pre-billing is recorded as deferred revenue. The Company has customers for which revenue is recognized on a cash basis due to collectability. Service access fee revenue also includes the recognition of previously deferred revenue related to multiple-element arrangements for non-software services and software upgrade rights related to BlackBerry 10 devices.

Intellectual property

Revenue from Other Sources

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. Revenue from patent licensing agreements is recorded when the four major criteria of revenue recognition noted above are met. These criteria are generally fulfilled upon mutual signing of the license agreement. For perpetual agreements, these criteria are generally fulfilled upon the beginning of the license period, coinciding with the mutual signing of the license agreement. For term-based agreements, these criteria are generally considered to be fulfilled over the life of the agreement and revenue is recognized ratably.

Certain outbound patent licensing arrangements may include termination provisions and/or future amounts dependent on subsequent licensee activity which limit the Company's ability to determine when the sale price is fixed and determinable and the amounts collectible. In these instances, revenue is recognized when the amounts become due.

From time to time, the Company may sell patents, which are typically non-strategic, to the Company's product and patent portfolio. These patent sales are a part of the technology and patent licensing strategy, and therefore represent a component of the Company's major or central operations. Revenue from patent sales is recorded when the four major criteria of revenue recognition noted above are met.

Mobility licensing

The Company has agreements under which the Company has licensed its security software and service suite, as well as related brand assets, to third parties who will design, manufacture, sell and provide customer support for BlackBerry-branded mobile handsets. Revenue is recognized when the four major criteria of revenue recognition noted above are met. Mobility license revenue for licensees, whose sales exceed contractual sales minimums, is recognized when licensed products are sold as reported by the Company's licensees. For licensees whose sales do not exceed contractual sales minimums, revenue is recognized ratably over the license term based on contractual minimum amounts.

Shipping and handling costs

Shipping and Handling Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales. Shipping and handling costs that cannot be reasonably attributed to certain customers are included in selling, marketing and administration.

Multiple-element arrangements

Multiple-element arrangements

The Company enters into revenue arrangements that may consist of multiple deliverables of its product and service offerings. The Company's typical multiple-element arrangements involve: (i) Enterprise software and services, (ii) BlackBerry Technology Solutions, and historically (iii) BlackBerry 10 or Android handheld devices with unspecified software upgrades on a when-and-if available basis along with undelivered non-software services.

For the Company's arrangements involving multiple deliverables where industry-specific software revenue recognition accounting guidance is not applicable, the consideration from the arrangement is allocated to each respective element based on its relative selling price, using VSOE. In certain limited instances when the Company is unable to establish the selling price using VSOE, the Company attempts to establish the selling price of each element based on acceptable third-party evidence of selling price ("TPE"); however, the Company is generally unable to reliably determine the selling prices of similar competitor products and services on a stand-alone basis. In these instances, the Company uses BESP in its allocation of arrangement consideration, where permitted. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service was sold on a stand-alone basis.

For arrangements involving multiple deliverables of software with other services, which may include software maintenance, professional services, unspecified upgrades and technical support, revenue is recognized based on the industry-specific software revenue recognition accounting guidance. If the Company is not able to determine VSOE for all of the deliverables of the arrangement, but is able to obtain VSOE for all undelivered elements, revenue is allocated using the residual method. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration, less the aggregate fair value of any undelivered elements. If VSOE of any undelivered software element does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements for which VSOE did not exist; or (ii) when VSOE can be established.

For arrangements involving multiple deliverables including the BlackBerry 10 or Android device and the essential operating system software, as well as unspecified software upgrade rights and non-software services for which the Company may not charge for separately, the consideration from the arrangement is allocated to each respective element based on the relative selling price, using the Company's BESP, as the device, unspecified software upgrade rights and non-software services are no longer sold separately. The consideration for the delivered hardware and the related essential operating system software are recognized at the time of sale provided that the four general revenue recognition criteria have been met. The consideration allocated to the unspecified software upgrade rights and non-software services is deferred and recognized on a straight-line basis over the estimated period during which the software upgrades and non-software services are expected to be provided.

The Company determines BESP for a product or service by considering multiple factors including, but not limited to, historical pricing practices for similar offerings, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. The determination of BESP is made through consultation with, and formal approval by, the Company's management, taking into consideration the Company's marketing strategy. The Company regularly reviews VSOE, TPE and BESP, and maintains internal controls over the establishment and updates of these estimates. Based on the above factors, the Company's BESP for the unspecified software upgrade right and non-software services is $4 per device

Income taxes

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 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.

Comprehensive income

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 non-U.S. dollar functional currency subsidiaries as described under the foreign currency translation policy above, cash flow hedges as described in Note 5, changes in the fair value of available-for-sale investments as described in Notes 3 and 4, 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

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

Stock-based compensation plans

The Company has stock-based compensation plans. Awards granted under the plans are detailed in Note 11(b).

The Equity Incentive Plan (the "Equity Plan") was adopted during fiscal 2014 and replaced the Company's previous Equity Incentive Plan and Restricted Share Unit Plan (the "Prior Plans"). Awards previously granted under the Prior Plans continue to be governed by the terms of the Prior Plans and by any amendments approved by the Company's Board of Directors (the "Board"). The Equity Plan provides for the grants of incentive stock options and restricted share units ("RSUs") to officers and employees of the Company or its subsidiaries. The number of common shares authorized for awards under the Equity Plan is 33,875,000 common shares. Any shares that are subject to options granted after fiscal 2013 are counted against this limit as 0.625 shares for every one option granted, and any shares that are subject to RSUs granted after fiscal 2013 are counted against this limit as one share for every RSU. Awards previously granted under the Prior Plans and the Equity Plan that expire or are forfeited, or settled in cash, are added to the shares available under the Equity Plan. Options forfeited will be counted as 0.625 shares to the shares available under the Equity Plan. Shares issued as awards other than options (i.e., RSUs) that expire or are forfeited, settled in cash or sold to cover withholding tax requirements are counted as one share added to the shares available under the Equity Plan. In addition to awards under the Equity Plan, 10,521,418 RSUs were granted to the Chief Executive Officer as an inducement to enter into a contract of full-time employment.

The Company measures stock-based compensation expense for options at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model for stock options, and the expense is recognized ratably over the vesting period. The BSM model requires various judgmental assumptions including volatility and expected option life. In addition, judgment is also applied in estimating the number of stock-based awards that are expected to be forfeited, and if actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations would be impacted.

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

RSUs are redeemed for common shares issued by the Company or the cash equivalent on the vesting dates established by the Board or the Compensation, Nomination and Governance Committee of the Board. The RSUs generally vest over a three-year period, either in equal annual installments or on the third anniversary date. 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 re-measured at each reporting period until settlement.

Advertising costs

Advertising costs

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

Adoption of Accounting Policies

ADOPTION OF ACCOUNTING POLICIES

Accounting Standards Adopted During Fiscal 2018

In October 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-16 on the topic of income taxes. The amendments in this update improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted, and the Company chose to early adopt this guidance in the first quarter of fiscal 2018. As a result of the adoption of ASU 2016-16, the Company recognized approximately $3 million in tax expense on past intra-entity transfers that had previously been deferred, through a cumulative adjustment to retained earnings.

Recently Issued Accounting Pronouncements

Accounting Standards Codification 606

In May 2014, the FASB issued a new accounting standard on the topic of revenue contracts, which replaces the existing revenue recognition standard ("ASC 606"). The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue recognized. For public entities, the new standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company established a cross-functional coordinated team to conduct the implementation of the revenue recognition standard, which was responsible for identifying and implementing the appropriate changes to the Company's business processes, systems and controls surrounding the adoption of ASC 606 in order to support the relevant recognition and disclosure changes.

The Company will adopt this guidance on March 1, 2018 utilizing the modified retrospective approach, whereby any historical impact upon adoption is recorded as a cumulative transition adjustment to retained earnings or deficit. As part of its preparation for adoption of ASC 606, the Company implemented internal controls and certain changes to its Enterprise Resource Planning systems to analyze its contracts and related financial information and prepare to comply with the dual reporting requirements during the one year transition period under the modified retrospective approach.

The key area of potential impact to the Company from implementing the guidance relates to the timing of revenue recognition for the software license component of its enterprise software offerings. There are no significant changes expected to any of the Company's other revenue streams as a result of the adoption of ASC 606.

ASC 606 requires the capitalization of all the incremental costs to acquire a contract, and for these costs to be amortized into income proportionate to the recognition of the associated revenue. The Company currently capitalizes and defers some, but not all, of its incremental costs to acquire a contract and amortizes that cost into income ratably over the term of the contract. As a result, the adoption of ASC 606 will result in certain costs incurred in acquiring a contract previously expensed being reversed through a cumulative adjustment from retained earnings or deficit to other current assets, and recognized over time in line with the associated revenue.

The Company is in the process of determining the impact of ASC 606, and expects that, in the first quarter of fiscal 2019 when the standard becomes effective for the Company, there likely will be a material impact to its financial statements consisting of adjustments to the opening balance of its deficit, a change in deferred revenue, and a change in other current assets.

Accounting Standards Update ("ASU") 2016-01

In January 2016, the FASB issued a new accounting standard on the topic of financial instruments. The amendments in this update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The guidance is effective for interim and annual periods beginning after December 15, 2017. Changes as a result of this guidance are to be applied through a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt this guidance in the first quarter of fiscal 2019.

This guidance requires the Company to present separately in AOCI the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk, when the Company has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company has elected the fair value option on its Debentures. As such, previous fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be reversed from deficit and be placed in AOCI as of March 1, 2018. The Company is still in the process of determining this impact, but the impact likely will be material. Future fluctuations in the fair value of the Debentures resulting from a change in the Company's assessment of the instrument-specific credit risk will be recorded through AOCI.

This guidance also requires that changes in fair value associated with the Company's equity investment be recorded in net income as opposed to AOCI. As at February 28, 2018, the Company had total unrealized losses associated with its equity investments of approximately $8 million. As a result, on March 1, 2018, the Company will record a cumulative adjustment out of AOCI and into deficit for approximately $8 million. Future fluctuations in the value of the Company's equity investment will be recorded in the statement of operations.

Other recently announced accounting pronouncements

In February 2016, the FASB issued a new accounting standard on the topic of leases. The new standards would require companies and other organizations to include lease obligations in their balance sheets, including a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use (“ROU”) asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company expects to adopt this guidance in the first quarter of fiscal 2020 and is currently evaluating the impact that the adoption will have on its results of operations, financial position and disclosures.

In May 2017, the FASB issued a new accounting standard on the topic of stock compensation. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for interim and annual periods beginning after December 15, 2017. The Company will adopt this guidance in the first quarter of fiscal 2019 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

In August 2017, the FASB issued a new accounting standard on the topic of derivatives and hedging. The amendments in this update expand and refine the designation and measurement guidance for qualifying hedging relationships and the presentation of those hedge results. The guidance is effective for interim and annual periods beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of fiscal 2020 and does not expect the impact to have a material effect on its results of operations, financial position and disclosures.

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates (Tables)	12 Months Ended
	Feb. 28, 2018
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Property, plant and equipment, net	***Property, plant and equipment, net*** Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following rates and methods: Buildings, leasehold improvements and other: Straight-line over terms between 5 and 40 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 20% per annum Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following rates and methods: Buildings, leasehold improvements and other: Straight-line over terms between 5 and 40 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 20% per annum
Intangible Assets	Intangible assets with definite lives are stated at cost, less accumulated amortization. Amortization is provided on a straight-line basis over the following terms: Acquired technology: Between 3 and 10 years Intellectual property: Between 1 and 17 years Other acquired intangibles: Between 2 and 10 years Intangible assets comprised the following:

	As at February 28, 2018		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 682	$ 512	$ 170
Intellectual property	411	212	199

Other acquired intangibles	197	89	108
	$ 1,290	$ 813	$ 477

	As at February 28, 2017		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 676	$ 446	$ 230
Intellectual property	418	184	234
Other acquired intangibles	197	59	138
	$ 1,291	$ 689	$ 602

Other acquired intangibles include items such as customer relationships and brand.

Cash, Cash Equivalents and Investments (Tables)

Cash and Cash Equivalents [Abstract]

Components of Cash, Cash Equivalents and Investments

12 Months Ended Feb. 28, 2018

The components of cash, cash equivalents and investments by fair value level as at February 28, 2018 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash
Bank balances	$ 169	$ —	$ —	$ —	$ 169	$ 169	$ —	$ —	$ —
Other investments	35	—	—	—	35	—	—	35	—
	204	—	—	—	204	169	—	35	—
Level 1:									
Equity securities	10	—	(8)	—	2	—	2	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	332	—	—	—	332	—	293	—	39
Bankers' acceptances	211	—	—	—	211	211	—	—	—
Commercial paper	426	—	—	—	426	231	195	—	—
Non-U.S. promissory notes	227	—	—	—	227	102	125	—	—
Non-U.S. government sponsored enterprise notes	200	—	—	—	200	15	185	—	—
Non-U.S. treasury bills/notes	284	—	—	—	284	50	234	—	—
U.S. treasury bills/notes	448	—	(1)	—	447	38	409	—	—
	2,128	—	(1)	—	2,127	647	1,441	—	39
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—
Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$2,363	$ 2	$ (9)	$ (3)	$2,353	$ 816	$ 1,443	$ 55	$ 39

The components of cash, cash equivalents and investments by fair value level as at February 28, 2017 were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Other-than-temporary Impairment	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments	Restricted Cash and Cash Equivalents
Bank balances	$ 218	$ —	$ —	$ —	$ 218	$ 216	$ —	$ —	$ 2
Other investments	34	—	—	—	34	—	—	34	—
	252	—	—	—	252	216	—	34	2
Level 1:									
Equity securities	10	—	(5)	—	5	—	5	—	—
Level 2:									
Term deposits, certificates of deposits, and GICs	242	—	—	—	242	143	50	—	49
Bankers' acceptances	125	—	—	—	125	125	—	—	—
Commercial paper	274	—	—	—	274	212	62	—	—
Non-U.S. promissory notes	117	—	—	—	117	38	79	—	—
Non-U.S. government sponsored enterprise notes	49	—	—	—	49	—	49	—	—
Non-U.S. treasury bills/notes	300	—	—	—	300	—	300	—	—
U.S. treasury bills/notes	315	—	(1)	—	314	—	99	215	—
	1,422	—	(1)	—	1,421	518	639	215	49
Level 3:									
Corporate notes/bonds	1	—	—	—	1	—	—	1	—
Auction rate securities	20	2	—	(3)	19	—	—	19	—
	21	2	—	(3)	20	—	—	20	—
	$1,705	$ 2	$ (6)	$ (3)	$1,698	$ 734	$ 644	$ 269	$ 51

Contractual Maturities of Available-for-Sale Investments

The contractual maturities of available-for-sale investments as at February 28, 2018 were as follows:

	Cost Basis	Fair Value
Due in one year or less	$ 2,128	$ 2,127
Due in one to five years	1	1
Due after five years	17	19
No fixed maturity	10	2
	$ 2,156	$ 2,149

Fair Value Measurements (Tables)	12 Months Ended Feb. 28, 2018
Fair Value Disclosures [Abstract]	
Summary of Changes in Fair Value of Company's Level 3 Assets	The following table summarizes the changes in fair value of the Company's Level 3 assets for the years ended February 28, 2018 and February 28, 2017:

	Level 3
Balance at February 29, 2016	$ 21
Principal repayments	(1)
Balance at February 28, 2017	20
Principal repayments	—
Balance at February 28, 2018	$ 20

Significant Unobservable Inputs Used in Fair Value Measurement of Each of Above Level 3 Assets	The following table presents the significant unobservable inputs used in the fair value measurement of the auction rate securities, as well as the impact on the fair value measurement resulting from a significant increase in each input in isolation. A significant decrease in each input would produce the opposite impact as shown below:

As at February 28, 2018	Fair Value	Valuation Technique	Unobservable Input	Range (weighted average)	Effect of Significant Increase in Input on Fair Value
Auction rate securities	$ 19	Discounted cash flow	Weighted average life	15 years	Decrease
			Collateral value (as a % of fair value)	152%	Increase
			Probability of waterfall event	10%	Increase
			Probability of permanent suspension of auction	5%	Decrease
			Probability of being called at par	25%	Increase

Derivative Financial Instruments (Tables)	12 Months Ended Feb. 28, 2018
Derivative Instruments and Hedging Activities Disclosure [Abstract]	
Summary of Notional Amounts and Fair Values of Financial Instruments Outstanding	

	As at February 28, 2017				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets (1):					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 89
Currency option contracts	Other current assets	1	—	1	37
Total		$ 1	$ 1	$ 2	$ 126
Derivative Liabilities (1):					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 28
Currency option contracts	Accrued liabilities	(1)	—	(1)	38
Total		$ (1)	$ (1)	$ (2)	$ 66

(1) The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

The notional amounts and fair values of financial instruments outstanding were as follows:

	As at February 28, 2018				
	Balance Sheet Location	Fair Value of Derivatives Designated as Cash Flow Hedges	Fair Value of Derivatives Not Subject to Hedge Accounting	Total Estimated Fair Value	Notional Amount
Derivative Assets (1):					
Currency forward contracts	Other current assets	$ —	$ 1	$ 1	$ 104
Currency option contracts	Other current assets	—	—	—	19
Total		$ —	$ 1	$ 1	$ 123
Derivative Liabilities (1):					
Currency forward contracts	Accrued liabilities	$ —	$ (1)	$ (1)	$ 100
Currency option contracts	Accrued liabilities	(1)	—	(1)	61
Total		$ (1)	$ (1)	$ (2)	$ 161

(1) The fair values of derivative assets and liabilities are measured using Level 2 fair value inputs.

Impact of Derivative Instruments Designated as Cash Flow Hedges on Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss for the year ended February 28, 2017:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ (1)
Currency option contracts	—	Selling, marketing and administration	2
Total	$ —		$ 1

The following table shows the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the year ended February 28, 2018:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative Instruments (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Currency forward contracts	$ —	Selling, marketing and administration	$ —
Currency option contracts	(1)	Selling, marketing and administration	2
Total	$ (1)		$ 2

Impact of Derivative Instruments that are Not Subject to Hedge Accounting on Consolidated Statement of Operation

The following table shows the impact of derivative instruments that are not subject to hedge accounting on the consolidated statements of operations for the years ended February 28, 2018 and February 28, 2017:

	Location of Gain (Loss) Recognized in Income on Derivative Instruments	Amount of Gain (Loss) in Income on Derivative Instruments	
		February 28, 2018	February 28, 2017
Currency forward contracts	Selling, marketing and administration	$ (9)	$ 1

Consolidated Balance Sheets Details (Tables)	12 Months Ended Feb. 28, 2018

Balance Sheet Related Disclosures [Abstract]

Inventories

Inventories comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Raw materials	$ —	$ 4
Work in process	—	1
Finished goods	3	21
	$ 3	$ 26

Property, Plant and Equipment

Property, plant and equipment comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Cost		
Buildings, leasehold improvements and other	85	101
BlackBerry operations and other information technology	987	1,070
Manufacturing, repair and research and development equipment	75	87
Furniture and fixtures	10	15
	1,157	1,273
Accumulated amortization	1,093	1,182
Net book value	$ 64	$ 91

Intangible Assets

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

Acquired technology	Between 3 and 10 years
Intellectual property	Between 1 and 17 years
Other acquired intangibles	Between 2 and 10 years

Intangible assets comprised the following:

	As at February 28, 2018		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 682	$ 512	$ 170
Intellectual property	411	212	199
Other acquired intangibles	197	89	108
	$ 1,290	$ 813	$ 477

	As at February 28, 2017		
	Cost	Accumulated Amortization	Net Book Value
Acquired technology	$ 676	$ 446	$ 230

Intellectual property	418	184	234
Other acquired intangibles	197	59	138
	$ 1,291	$ 689	$ 602

Intangible Assets, Weighted average remaining useful lives

Other acquired intangibles include items such as customer relationships and brand.

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

	As at	
	February 28, 2018	February 28, 2017
Acquired technology	3.2 years	3.4 years
Intellectual property	7.0 years	8.5 years
Other acquired intangibles	4.4 years	5.0 years

Changes to Carrying Amount of Goodwill

Changes to the carrying amount of goodwill during the fiscal years ended February 28, 2018, February 28, 2017 and February 29, 2016 were as follows:

	Carrying Amount
Carrying amount as at February 28, 2015	$ 85
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(7)
Goodwill acquired through business combinations during the year	540
Carrying amount as at February 29, 2016	618
Goodwill Impairment Charge	(57)
Effect of foreign exchange on non-U.S. dollar denominated goodwill	(2)
Carrying amount as at February 28, 2017	559
Effect of foreign exchange on non-U.S. dollar denominated goodwill	10
Carrying amount as at February 28, 2018	$ 569

Long-term Receivables

The Company’s long-term receivables comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Long-term intellectual property licensing receivable	$ 25	$ —
Mortgage receivable	—	7
	$ 25	$ 7

Accrued Liabilities

Accrued liabilities comprised the following:

	As at	
	February 28, 2018	February 28, 2017
Accrued royalties	18	43
Resource Alignment Program liability, current portion	19	18
Variable incentive accrual	40	29
Other	128	150
	$ 205	$ 240

Restructuring (Tables) - Resource Alignment Program	12 Months Ended Feb. 28, 2018

Restructuring Cost and Reserve

Schedule of Company's Cost Optimization Program

The following table sets forth the activity in the Company’s RAP liability for fiscal 2018 and fiscal 2017:

	Employee Termination Benefits	Facilities Costs	Other Charges(1)	Total
Balance as at February 29, 2016	$ 12	$ 26	$ —	$ 38
Charges incurred	15	16	31	62
Cash payments made	(18)	(15)	(31)	(64)
Balance as at February 28, 2017	9	27	—	36
Charges incurred	12	26	29	67
Cash payments made	(20)	(14)	(27)	(61)
Balance as at February 28, 2018	$ 1	$ 39	$ 2	$ 42
Current portion	$ 1	$ 16	$ 2	$ 19
Long-term portion	—	23	—	23
	$ 1	$ 39	$ 2	$ 42

Schedule of Company's Cost Optimization Charge

The RAP charges included employee termination benefits, facilities and manufacturing network simplification costs as well as integration costs related to the transition and alignment of facilities and systems to the Company’s focus on its enterprise software business. Total charges, including non-cash charges incurred in fiscal 2018 and fiscal 2017, were as follows:

	For the Years Ended	
	February 28, 2018	February 28, 2017
Cost of sales	$ 11	$ 25
Research and development	5	4
Selling, marketing and administration	62	235
Total RAP charges	$ 78	$ 264

Income Taxes (Tables)

12 Months Ended Feb. 28, 2018

Income Tax Disclosure [Abstract]

Components of Provision for (Recovery of) Income Tax and Income from Continuing Operations Before Income Tax

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Statutory Canadian tax rate	26.5%	26.6%	26.6%
Expected provision for (recovery of) income taxes	$ 108	$ (320)	$ (75)
Differences in income taxes resulting from:			
Valuation allowance	(169)	302	58
Investment tax credits	(3)	(20)	(29)
Canadian tax rate differences	—	1	2
Change in unrecognized income tax benefits	8	28	(9)
Foreign tax rate differences	(6)	6	6
Effect of adjustments to deferred tax amounts for enacted changes resulting from U.S. tax reform	67	—	—
Other differences	(5)	1	6
Withholding tax on unremitted earnings	1	—	(33)
	$ 1	$ (2)	$ (74)

Income (Loss) from Continuing Operations Before Income Taxes

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Income (loss) before income taxes:			
Canadian	$ 413	$ (1,301)	$ (278)
Foreign	(7)	93	(4)
	$ 406	$ (1,208)	$ (282)

Provision for Income Taxes from Continuing Operations

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

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Current			
Canadian	$ 1	$ (3)	$ (10)
Foreign	7	(33)	38
Deferred			
Canadian	—	—	(35)
Foreign	(7)	34	(67)
	$ 1	$ (2)	$ (74)

Components of Deferred Income Tax Assets and Liabilities

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

	As at	
	February 28, 2018	February 28, 2017
Assets		
Property, plant, equipment and intangibles	$ 190	$ 180
Non-deductible reserves	48	103
Minimum taxes	265	264
Convertible Debentures (see Note 10)	47	12
Research and development	286	259
Tax loss carryforwards	307	503
Other	94	81
Deferred income tax assets	1,237	1,402
Valuation allowance	1,221	1,361
Deferred income tax assets net of valuation allowance	16	41
Liabilities		
Property, plant, equipment and intangibles	(19)	(50)
Withholding tax on unremitted earnings	—	—
Deferred income tax liabilities	(19)	(50)
Net deferred income tax asset (liability)	$ (3)	$ (9)
Deferred income tax asset	$ 3	$ —
Deferred income tax liability	(6)	(9)
	$ (3)	$ (9)

Reconciliation of Beginning and Ending Amount of Unrecognized Income Tax Benefits

The Company's total unrecognized income tax benefits as at February 28, 2018 and February 28, 2017 were $73 million and $65 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, 2018	February 28, 2017	February 29, 2016
Unrecognized income tax benefits, opening balance	$ 65	$ 37	$ 11
Increase for income tax positions of prior years	4	28	—
Increase for income tax positions of current year	4	—	34
Settlement of tax positions	—	—	(8)
Other	—	—	—
Unrecognized income tax benefits, ending balance	$ 73	$ 65	$ 37

Summary of Open Tax Years by Major Jurisdiction

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

Jurisdiction	
Canada[1]	Fiscal 2010 - 2018

United States[2]	Fiscal 2015 - 2018
United Kingdom	Fiscal 2017 - 2018

[1] Includes federal as well as provincial jurisdictions, as applicable.
[2] Pertains to federal tax years. Certain state jurisdictions remain open from fiscal 2014 through fiscal 2018.

Summary of Net Operating Losses and Tax Credits Carryforward

As at February 28, 2018, 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	Capital Losses	Research and Development Tax Credits[1]	Minimum Taxes
2029	$ 11	$ —	$ —	$ 1
2030	—	—	4	109
2031	50	—	6	128
2032	86	—	3	27
2033	92	—	110	—
2034	80	—	106	—
2035	2	—	52	—
2036	341	—	41	—
2037	352	—	22	—
2038	184	—	13	—
Indefinite	—	30	14	—
	$ 1,198	$ 30	$ 371	$ 265

Capital Stock (Tables)	12 Months Ended Feb. 28, 2018

Share-based Compensation [Abstract]

Changes in Issued and Outstanding Common Shares

The following details the changes in issued and outstanding common shares for the years ended February 28, 2018, February 28, 2017 and February 29, 2016:

	Capital Stock and Additional Paid-in Capital	
	Stock Outstanding (000's)	Amount
Common shares outstanding as at February 28, 2015	528,802	$ 2,444
Exercise of stock options	402	3
Common shares issued for RSU settlements	4,320	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Share repurchase	(12,607)	(59)
Common shares issued for employee share purchase plan	183	1
Common shares issued on the redemption of deferred share units	72	—
Common shares outstanding as at February 29, 2016	521,172	2,448
Exercise of stock options	131	1
Common shares issued for RSU settlements	8,689	—
Stock-based compensation	—	60
Tax deficiencies related to stock-based compensation	—	(1)
Common shares issued for employee share purchase plan	505	4
Common shares outstanding as at February 28, 2017	530,497	2,512
Exercise of stock options	536	4
Common shares issued for RSU settlements	7,258	—
Stock-based compensation	—	49
Share repurchase	(1,992)	(9)
Common shares issued for employee share purchase plan	435	4
Common shares outstanding as at February 28, 2018	536,734	$ 2,560

Summary of Option Activity

A summary of option activity since February 28, 2015 is shown below:

	Options Outstanding			
	Number (000's)	Weighted Average Exercise Price	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	1,486	$ 9.34		
Granted during the year	772	6.30		
Exercised during the year	(402)	6.09		
Forfeited/canceled/expired during the year	(382)	14.45		
Balance as at February 29, 2016	1,474	7.01		
Granted during the year	673	7.96		
Exercised during the year	(131)	6.14		

Forfeited/canceled/expired during the year	(393)	7.44		
Balance as at February 28, 2017	1,623	7.46		
Exercised during the year	(536)	7.31		
Forfeited/canceled/expired during the year	(225)	7.68		
Balance as at February 28, 2018	862	$ 7.57	3.45	$ 4
Vested and expected to vest as at February 28, 2018	834	$ 7.58	3.43	$ 4
Exercisable as at February 28, 2018	411	$ 7.69	2.85	$ 2

Summary of Unvested Stock Options

A summary of unvested stock options since February 28, 2017 is shown below:

	Options Outstanding	
	Number (000's)	Weighted Average Grant Date Fair Value
Balance as at February 28, 2017	1,020	$ 2.55
Vested during the year	(421)	2.68
Forfeited during the year	(148)	2.66
Balance as at February 28, 2018	451	$ 2.40

Option-Pricing Model Assumptions

	February 28, 2018	February 28, 2017	February 29, 2016
Weighted average grant date fair value of stock options granted during the period	$ —	$ 2.36	$ 2.49
Assumptions:			
Risk-free interest rates	—%	0.92%	1.00%
Expected life in years	0.00	3.52	3.38
Expected dividend yield	—%	—%	—%
Volatility	—%	38.86%	54.60%

Restricted Share Unit Activity

The Company recorded compensation expense with respect to RSUs of approximately $48 million in the year ended February 28, 2018 (February 28, 2017 - $59 million; February 29, 2016 - $59 million).

A summary of RSU activity since February 28, 2015 is shown below:

	RSUs Outstanding			
	Number (000's)	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (millions)
Balance as at February 28, 2015	26,001	$ 7.84		
Granted during the year	8,986	7.20		
Vested during the year	(4,320)	8.75		
Forfeited/cancelled during the year	(2,997)	8.84		
Balance as at February 29, 2016	27,670	7.38		
Granted during the year	5,126	7.77		
Vested during the year	(8,691)	7.69		
Forfeited/cancelled during the year	(3,273)	7.94		

Balance as at February 28, 2017	20,832		7.26				
Granted during the year	3,503		10.84				
Vested during the year	(7,258)		7.43				
Forfeited/cancelled during the year	(2,145)		8.22				
Balance as at February 28, 2018	14,932	$	7.87		1.12	$	181
Vested and expected to vest February 28, 2018	14,157	$	7.81		1.10	$	172

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, 2018, that would have been received by RSU holders if all RSUs had been vested on February 28, 2018).

Tax deficiencies incurred by the Company related to the RSUs vested were nil for the year ended February 28, 2018 (February 28, 2017 - tax deficiency of $1 million; February 29, 2016 - tax deficiency of $1 million).

As at February 28, 2018, there was $63 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 1.12 years.

During the year ended February 28, 2018, there were 3,502,755 RSUs granted (February 28, 2017 - 5,126,346), all of which will be settled upon vesting by the issuance of new common shares.

Earnings (Loss) Per Share (Tables)	12 Months Ended Feb. 28, 2018
Earnings Per Share [Abstract]	
Schedule of Basic and Diluted Earnings Per Share	The following table sets forth the computation of basic and diluted earnings (loss) per share:

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Net income (loss) for basic and diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (208)
Less: Debentures fair value adjustment [(1) (2)]	—	—	(430)
Add: interest expense on Debentures [(1) (2)]	—	—	75
Net income (loss) for diluted earnings (loss) per share available to common shareholders	$ 405	$ (1,206)	$ (563)
Weighted average number of shares outstanding (000's) - basic and diluted [(2)(3)]	532,888	525,265	526,303
Effect of dilutive securities (000's)			
Stock-based compensation [(3) (4)]	12,998	—	—
Conversion of Debentures [(1) (2)]	—	—	125,000
Weighted average number of shares and assumed conversions (000's) - diluted	545,886	525,265	651,303
Earnings (loss) per share - reported			
Basic	$ 0.76	$ (2.30)	$ (0.40)
Diluted	$ 0.74	$ (2.30)	$ (0.86)

(1) The Company has not presented the dilutive effect of the Debentures using the if-converted method in the calculation of diluted earnings (loss) per share for the years ended February 28, 2018 and February 28, 2017, as to do so would be antidilutive. See Note 10 for details on the Debentures.

(2) The Company has presented the dilutive effect of the 6% Debentures using the if-converted method, assuming conversion at the beginning of fiscal 2016 for the year ended February 28, 2016. Accordingly, to calculate diluted earnings (loss) per share, the Company adjusted net loss by eliminating the Fiscal 2016 Debentures fair value adjustments and interest expense incurred on the 6% Debentures in the year ended February 29, 2016, and added the number of shares that would have been issued upon conversion to the diluted weighted average number of shares outstanding. See Note 10 for details on the 6% Debentures.

(3) The Company has not presented the dilutive effect of in-the-money options or RSUs that will be settled upon vesting by the issuance of new common shares in the calculation of diluted earnings (loss) per share for the years ended February 28, 2017 and February 29, 2016, 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 earnings (loss) per share for the year ended February 28, 2018. As at February 28, 2018, there were 790,918 options and 14,068,069 RSUs outstanding that were in-the-money and may have a dilutive effect on earnings (loss) per share in future periods.

Accumulated Other Comprehensive Income (Loss) (Tables)	12 Months Ended Feb. 28, 2018
Equity [Abstract]	
Components of Accumulated Other Comprehensive Income (Loss)	The components of accumulated other comprehensive loss are as follows:

	As at		
	February 28, 2018	February 28, 2017	February 29, 2016
Accumulated net unrealized gains (losses) on available-for-sale investments	$ (7)	$ (4)	$ 3
Accumulated net unrealized losses on derivative instruments designated as cash flow hedges, net of tax	(1)	—	(1)
Foreign currency cumulative translation adjustment	(1)	(13)	(10)
Actuarial losses associated with other post-employment benefit obligations	(1)	—	—
Accumulated other comprehensive loss	$ (10)	$ (17)	$ (8)

Commitments and Contingencies (Tables)	12 Months Ended Feb. 28, 2018
Commitments and Contingencies Disclosure [Abstract]	
Lease Commitments	The Company is committed to future minimum annual lease payments related to real estate operating leases as follows:

For the fiscal years ending:	
2019	$ 33
2020	28
2021	18
2022	15
2023	15
Thereafter	29
	$ 138

Segment Disclosure (Tables)

12 Months Ended
Feb. 28, 2018

Segment Reporting [Abstract]

Revenue from External Customers by Geographic Areas

Revenue, classified by major geographic regions in which the Company's customers are located, was as follows:

	For the Years Ended					
	February 28, 2018		February 28, 2017		February 29, 2016	
North America [1]	540	58.0%	659	50.3%	893	41.3%
Europe, Middle East and Africa	278	29.8%	461	35.2%	857	39.7%
Latin America	15	1.6%	35	2.7%	135	6.3%
Asia Pacific	99	10.6%	154	11.8%	275	12.7%
	$ 932	100.0%	$ 1,309	100.0%	$ 2,160	100.0%

Revenue by Product and Service Type

Total revenues, classified by product and service type, were as follows:

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Enterprise software and services	$ 388	$ 345	$ 211
BlackBerry Technology Solutions	163	151	135
Licensing, IP and other	196	126	151
Handheld devices	64	374	884
SAF	121	313	779
	$ 932	$ 1,309	$ 2,160

Long-lived Assets and Total Assets by Geographic Areas

Property, plant and equipment, intangible assets and goodwill, classified by geographic segments in which the Company's assets are located, was as follows:

	As at			
	February 28, 2018		February 28, 2017	
	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets	Property, Plant and Equipment, Intangible Assets and Goodwill	Total Assets
Canada	$ 257	$ 481	$ 312	$ 526
United States	772	3,058	871	2,490
Other	81	241	69	280
	$ 1,110	$ 3,780	$ 1,252	$ 3,296

Cash Flow Information (Tables)	12 Months Ended Feb. 28, 2018
Supplemental Cash Flow Information [Abstract]	
Interest and Income Taxes Paid	Certain consolidated statements of cash flow information related to interest and income taxes paid is summarized as follows:

	For the Years Ended		
	February 28, 2018	February 28, 2017	February 29, 2016
Interest paid during the year	$ 39	$ 48	$ 75
Income taxes paid during the year	6	10	30
Income tax refunds received during the year	7	19	172

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Vesting Scenarios (Details)	12 Months Ended
	Feb. 28, 2018
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
RSUs vesting period	3 years

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Revenue Recognition, Multiple-Deliverable Arrangements (Details)	12 Months Ended
	Feb. 28, 2018 USD ($)
Minimum | Blackberryten [Member]	
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]	
Selling price	$ 4

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Stock-based Compensation (Details)	12 Months Ended Feb. 28, 2018 shares
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Number of common shares authorized under the Equity Plan (in shares)	33,875,000
Shares issued as options (in shares)	0.625
Options forfeited (in shares)	0.625
RSUs, forfeited, settled in cash or sold to cover withholding tax requirements, counted as (in shares)	1
RSU granted as inducement grants that are exempt from the equity pool (in shares)	10,521,418
Number of trading days	5 days

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Property, plant and equipment, net (Details)	12 Months Ended Feb. 28, 2018
Buildings, leasehold improvements and other | Minimum	
Property, Plant and Equipment [Line Items]	
Useful life	5 years
Buildings, leasehold improvements and other | Maximum	
Property, Plant and Equipment [Line Items]	
Useful life	40 years
BlackBerry operations and other information technology | Minimum	
Property, Plant and Equipment [Line Items]	
Useful life	3 years
BlackBerry operations and other information technology | Maximum	
Property, Plant and Equipment [Line Items]	
Useful life	5 years
Manufacturing, repair and research and development equipment | Minimum	
Property, Plant and Equipment [Line Items]	
Useful life	1 year
Manufacturing, repair and research and development equipment | Maximum	
Property, Plant and Equipment [Line Items]	
Useful life	5 years
Furniture and fixtures	
Property, Plant and Equipment [Line Items]	
Reducing balance method depreciation percentage	20.00%

Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Schedule of Finite-Lived Intangible Assets (Details)	12 Months Ended
	Feb. 28, 2018
Acquired technology | Minimum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	3 years
Acquired technology | Maximum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	10 years
Intellectual property | Minimum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	1 year
Intellectual property | Maximum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	17 years
Other acquired intangibles | Minimum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	2 years
Other acquired intangibles | Maximum	
Finite-Lived Intangible Assets [Line Items]	
Useful life of finite-lived intangible assets	10 years

- Blackberry Limited and Summary of Significant Accounting Policies and Critical Accounting Estimates - Additional Information (Detail) - USD ($) $ in Millions	3 Months Ended		12 Months Ended		
	Aug. 31, 2017	May 31, 2016	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Additional Information [Line Items]					
Impairment of goodwill			$ 0	$ 57	$ 0
Impairment of long-lived assets	$ 11	$ 501	$ 11	$ 501	$ 0
Fiscal Year			365	366	364 days
Liability for uncertain income tax positions, percentage minimum			50.00%		
Minimum					
Additional Information [Line Items]					
Maturity period of long-term investments			1 year		
Maximum					
Additional Information [Line Items]					
Maturity period of cash equivalents			3 months		
Maturity period of short-term investments			1 year		

Adoption of Accounting Policies Adoption of Accounting Policies - Additional Information (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Mar. 01, 2018	Feb. 28, 2017
New Accounting Pronouncements or Change in Accounting Principle [Line Items]			
Cumulative Impact of ASU 2016-16 Adoption	$ (3)		
Investments with continuous unrealized losses	$ 9	$ 8	$ 0

Cash, Cash Equivalents and Investments - Components of Cash, Cash Equivalents and Investments (Detail) - USD ($)	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Cash and Cash Equivalents [Line Items]		
Cost Basis	$ 2,363,000,000	$ 1,705,000,000
Unrealized Gains	2,000,000	2,000,000
Unrealized Losses	(9,000,000)	6,000,000
Other-than- temporary Impairment	(3,000,000)	(3,000,000)
Fair Value	2,353,000,000	1,698,000,000
Cash and Cash Equivalents	816,000,000	734,000,000
Short-term Investments	1,443,000,000	644,000,000
Long-term investments	55,000,000	269,000,000
Restricted Cash and Cash Equivalents	39,000,000	51,000,000
Bank balances		
Cash and Cash Equivalents [Line Items]		
Cost Basis	169,000,000	218,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	169,000,000	218,000,000
Cash and Cash Equivalents	169,000,000	216,000,000
Short-term Investments	0	0
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	2,000,000
Other investments		
Cash and Cash Equivalents [Line Items]		
Cost Basis	35,000,000	34,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	35,000,000	34,000,000
Cash and Cash Equivalents	0	0
Short-term Investments	0	0
Long-term investments	35,000,000	34,000,000
Restricted Cash and Cash Equivalents	0	0
Bank Balances and Other Investments [Domain]		
Cash and Cash Equivalents [Line Items]		
Cost Basis	204,000,000	252,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	204,000,000	252,000,000

Cash and Cash Equivalents	169,000,000	216,000,000
Short-term Investments	0	0
Long-term investments	35,000,000	34,000,000
Restricted Cash and Cash Equivalents	0	2,000,000
Level 1: | Equity securities		
Cash and Cash Equivalents [Line Items]		
Cost Basis	10,000,000	
Unrealized Gains	0	
Unrealized Losses	(8,000,000)	
Other-than- temporary Impairment	0	
Fair Value	2,000,000	
Cash and Cash Equivalents	0	
Short-term Investments	2,000,000	
Long-term investments	0	
Restricted Cash and Cash Equivalents	0	
Level 1: | Auction rate securities		
Cash and Cash Equivalents [Line Items]		
Cost Basis		10,000,000
Unrealized Gains		0
Unrealized Losses		5,000,000
Other-than- temporary Impairment		0
Fair Value		5,000,000
Cash and Cash Equivalents		0
Short-term Investments		5,000,000
Long-term investments		0
Restricted Cash and Cash Equivalents		0
Level 2:		
Cash and Cash Equivalents [Line Items]		
Cost Basis	2,128,000,000	1,422,000,000
Unrealized Gains	0	0
Unrealized Losses	(1,000,000)	1,000,000
Other-than- temporary Impairment	0	0
Fair Value	2,127,000,000	1,421,000,000
Cash and Cash Equivalents	647,000,000	518,000,000
Short-term Investments	1,441,000,000	639,000,000
Long-term investments	0	215,000,000
Restricted Cash and Cash Equivalents	39,000,000	49,000,000
Level 2: | Term deposits, certificates of deposits, and GICs		
Cash and Cash Equivalents [Line Items]		
Cost Basis	332,000,000	242,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	332,000,000	242,000,000

Cash and Cash Equivalents	0	143,000,000
Short-term Investments	293,000,000	50,000,000
Long-term investments	0	0
Restricted Cash and Cash Equivalents	39,000,000	49,000,000
Level 2: | Bankers' acceptances		
Cash and Cash Equivalents [Line Items]		
Cost Basis	211,000,000	125,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	211,000,000	125,000,000
Cash and Cash Equivalents	211,000,000	125,000,000
Short-term Investments	0	0
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	0
Level 2: | Commercial paper		
Cash and Cash Equivalents [Line Items]		
Cost Basis	426,000,000	274,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	426,000,000	274,000,000
Cash and Cash Equivalents	231,000,000	212,000,000
Short-term Investments	195,000,000	62,000,000
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	0
Level 2: | Non-U.S. promissory notes		
Cash and Cash Equivalents [Line Items]		
Cost Basis	227,000,000	117,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	227,000,000	117,000,000
Cash and Cash Equivalents	102,000,000	38,000,000
Short-term Investments	125,000,000	79,000,000
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	0
Level 2: | Non-U.S. government sponsored enterprise notes		
Cash and Cash Equivalents [Line Items]		
Cost Basis	200,000,000	49,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	200,000,000	49,000,000

Cash and Cash Equivalents	15,000,000	0
Short-term Investments	185,000,000	49,000,000
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	0
Level 2: | Non-U.S. treasury bills/notes		
Cash and Cash Equivalents [Line Items]		
Cost Basis	284,000,000	300,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	284,000,000	300,000,000
Cash and Cash Equivalents	50,000,000	0
Short-term Investments	234,000,000	300,000,000
Long-term investments	0	0
Restricted Cash and Cash Equivalents	0	0
Level 2: | U.S. treasury bills/notes		
Cash and Cash Equivalents [Line Items]		
Cost Basis	448,000,000	315,000,000
Unrealized Gains	0	0
Unrealized Losses	(1,000,000)	1,000,000
Other-than- temporary Impairment	0	0
Fair Value	447,000,000	314,000,000
Cash and Cash Equivalents	38,000,000	0
Short-term Investments	409,000,000	99,000,000
Long-term investments	0	215,000,000
Restricted Cash and Cash Equivalents	0	0
Level 3:		
Cash and Cash Equivalents [Line Items]		
Cost Basis	21,000,000	21,000,000
Unrealized Gains	2,000,000	2,000,000
Unrealized Losses	0	0
Other-than- temporary Impairment	(3,000,000)	(3,000,000)
Fair Value	20,000,000	20,000,000
Cash and Cash Equivalents	0	0
Short-term Investments	0	0
Long-term investments	20,000,000	20,000,000
Restricted Cash and Cash Equivalents	0	0
Level 3: | Corporate notes/bonds		
Cash and Cash Equivalents [Line Items]		
Cost Basis	1,000,000	1,000,000
Unrealized Gains	0	0
Unrealized Losses	0	0
Other-than- temporary Impairment	0	0
Fair Value	1,000,000	1,000,000

Cash and Cash Equivalents	0	0
Short-term Investments	0	0
Long-term investments	1,000,000	1,000,000
Restricted Cash and Cash Equivalents	0	0
Level 3: | Auction rate securities		
Cash and Cash Equivalents [Line Items]		
Cost Basis	20,000,000	20,000,000
Unrealized Gains	2,000,000	2,000,000
Unrealized Losses	0	0
Other-than- temporary Impairment	(3,000,000)	(3,000,000)
Fair Value	19,000,000	19,000,000
Cash and Cash Equivalents	0	0
Short-term Investments	0	0
Long-term investments	19,000,000	19,000,000
Restricted Cash and Cash Equivalents	$ 0	$ 0

Cash, Cash Equivalents and Investments - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended			
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016	Mar. 01, 2018
Cash and Cash Equivalents [Line Items]				
Cost method investments	$ 35	$ 34		
Other than temporary impairment losses, available-for-sale securities	0	8	$ 0	
Gain on sale of investments	0	12	0	
Realized gains	1	0	$ 1	
Investments with continuous unrealized losses	9	$ 0		$ 8
Equity securities				
Cash and Cash Equivalents [Line Items]				
Investments with continuous unrealized losses	8			
US Government Agencies Debt Securities [Member]				
Cash and Cash Equivalents [Line Items]				
Investments with continuous unrealized losses	$ 1			
Minimum				
Cash and Cash Equivalents [Line Items]				
Lease term	1 month			
Maximum				
Cash and Cash Equivalents [Line Items]				
Lease term	8 years			

Cash, Cash Equivalents and Investments - Contractual Maturities of Available-for-Sale Investments (Detail) $ in Millions	Feb. 28, 2018 USD ($)
Cost Basis	
Due in one year or less	$ 2,128
Due in one to five years	1
Due after five years	17
No fixed maturity	10
Total	2,156
Fair Value	
Due in one year or less	2,127
Due in one to five years	1
Due after five years	19
No fixed maturity	2
Total	$ 2,149

Fair Value Measurements - Summary of Changes in Fair Value of Company's Level 3 Assets (Detail) - USD ($) $ in Millions	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Fair Value, Investments, Entities that Calculate Net Asset Value Per Share, Unobservable Input [Roll Forward]		
Beginning Balance	$ 20	$ 21
Principal repayments received	0	(1)
Transfers out of level 3	0	
Ending Balance	$ 20	$ 20

Fair Value Measurements - Significant Unobservable Inputs Used in Fair Value Measurement of Each of Above Level 3 Assets (Detail) - USD ($) $ in Millions	12 Months Ended Feb. 28, 2018	Feb. 28, 2017
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Transfers out of level 3	$ 0	
Fair Value	2,353	$ 1,698
Level 3		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Fair Value	$ 20	20
Auction rate securities | Weighted-average life | Weighted average		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Range (weighted average life)	15 years	
Auction rate securities | Collateral value (as a % of fair value) | Weighted average		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Range (weighted average)	152.00%	
Auction rate securities | Probability of waterfall event		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Range (weighted average)	10.00%	
Auction rate securities | Probability of permanent suspension of auction		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Range (weighted average)	5.00%	
Auction rate securities | Probability of being called at par		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Range (weighted average)	25.00%	
Auction rate securities | Level 3		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Fair Value	$ 19	19
Corporate notes/bonds | Level 3		
Fair Value Measurements, Recurring and Nonrecurring, Valuation Techniques [Line Items]		
Fair Value	$ 1	$ 1

Fair Value Measurements - Additional Information (Detail) $ in Millions	12 Months Ended Feb. 28, 2018 USD ($) Vendor
Fair Value Disclosures [Abstract]	
Transfers out of level 3 | $	$ 0
Number of primary vendors | Vendor	1
Investments that are communicated to the third party for consideration of reasonableness, threshold limit for fair values	0.50%

Derivative Financial Instruments - Summary of Notional Amounts and Fair Values of Financial Instruments Outstanding (Detail) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	$ 1	$ 2
Derivative asset, notional amount	123	126
Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	(2)	(2)
Derivative Liability, Notional Amount	161	66
Currency forward contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	1	1
Derivative asset, notional amount	104	89
Currency forward contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	(1)	(1)
Derivative Liability, Notional Amount	100	28
Currency option contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	0	1
Derivative asset, notional amount	19	37
Currency option contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	(1)	(1)
Derivative Liability, Notional Amount	61	38
Not Designated as Hedging Instrument | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	1	1
Not Designated as Hedging Instrument | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	(1)	(1)
Not Designated as Hedging Instrument | Currency forward contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	1	1
Not Designated as Hedging Instrument | Currency forward contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		

Derivative liability, fair value, gross liability	(1)	(1)
Not Designated as Hedging Instrument | Currency option contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	0	0
Not Designated as Hedging Instrument | Currency option contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	0	0
Designated as Hedging Instrument | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	0	1
Designated as Hedging Instrument | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	(1)	(1)
Designated as Hedging Instrument | Currency forward contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	0	0
Designated as Hedging Instrument | Currency forward contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	0	0
Designated as Hedging Instrument | Currency option contracts | Other Current Assets		
Derivatives, Fair Value [Line Items]		
Derivative asset, fair value, gross asset	0	1
Designated as Hedging Instrument | Currency option contracts | Accrued Liabilities		
Derivatives, Fair Value [Line Items]		
Derivative liability, fair value, gross liability	$ (1)	$ (1)

Derivative Financial Instruments - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Derivative Instruments, Gain (Loss) [Line Items]			
Derivative liability, fair value of collateral	$ 1		
Percentage of cash and cash equivalents denominated in foreign currencies	9.00%	8.00%	
Percentage of accounts receivable denominated in foreign currencies	35.00%	35.00%	
Percentage of accrued liabilities denominated in foreign currencies	6.00%	23.00%	
Net unrealized losses on forward contracts reclassified to income	$ 1		
Percentage of maximum credit exposure to single counterparty to the total fair value of derivative instruments with net unrealized gains	0.00%	100.00%	82.00%
Received collateral from counterparties		$ 0	
Percentage of cash, cash equivalents and investments threshold used to determine major issuer	19.00%	18.00%	
Credit Risk			
Derivative Instruments, Gain (Loss) [Line Items]			
Unsettled foreign exchange derivative instruments	$ 0	$ 0	
Notional amount	0	0	
Cash Flow Hedging			
Derivative Instruments, Gain (Loss) [Line Items]			
Portion of cash flow hedges deemed to be ineffective	0		
Net unrealized losses on forward contracts before tax	$ (1)	0	
Cash Flow Hedging | Minimum			
Derivative Instruments, Gain (Loss) [Line Items]			
Higher maturity range	March 2018		
Cash Flow Hedging | Maximum			
Derivative Instruments, Gain (Loss) [Line Items]			
Higher maturity range	February 2019		
Not Subject to Hedge Accounting | Foreign Exchange Contract			
Derivative Instruments, Gain (Loss) [Line Items]			
Net unrealized gains on forward contracts before tax	$ 0	$ 0	
Not Subject to Hedge Accounting | Minimum | Foreign Exchange Contract			
Derivative Instruments, Gain (Loss) [Line Items]			
Higher maturity range	March 2018		
Not Subject to Hedge Accounting | Maximum | Foreign Exchange Contract			
Derivative Instruments, Gain (Loss) [Line Items]			
Higher maturity range	May 2018		

Derivative Financial Instruments - Impact of Derivative Instruments Designated as Cash Flow Hedges on Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Detail) - USD ($) $ in Millions	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	$ (1)	$ 0
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net	2	1
Currency forward contracts | Selling Marketing And Administration Expenses		
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	0	
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net	0	
Currency forward contracts | Cost of sales		
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)		0
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net		(1)
Currency option contracts | Selling Marketing And Administration Expenses		
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)	(1)	
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net	$ 2	
Currency option contracts | Cost of sales		
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)		0
Derivative Instruments, Gain (Loss) Reclassified from Accumulated OCI into Income, Effective Portion, Net		$ 2

Derivative Financial Instruments - Impact of Derivative Instruments that are Not Subject to Hedge Accounting on Consolidated Statement of Operation (Detail) - USD ($) $ in Millions	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Selling Marketing And Administration Expenses | Currency forward contracts		
Derivative Instruments, Gain (Loss) [Line Items]		
Amount of Gain (Loss) in income on Derivative Instruments	$ (9)	$ 1

Consolidated Balance Sheets Details - Accounts Receivable (Details) - $ in Millions	Feb. 28, 2018 USD ($)	Feb. 28, 2017 USD ($)
Balance Sheet Related Disclosures [Abstract]		
Allowance for doubtful accounts receivable, current	$ 24	$ 12
Number of customers with a balance greater than 10% of total accounts receivable	0	1

Consolidated Balance Sheets Detail - Inventories (Detail) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Balance Sheet Related Disclosures [Abstract]		
Raw materials	$ 0	$ 4
Work in process	0	1
Finished goods	3	21
Inventories	$ 3	$ 26

Consolidated Balance Sheets Details - Other Current Assets (Details)	12 Months Ended Feb. 28, 2018 other_current_asset
Condensed Balance Sheet Statements, Captions [Line Items]	
Other current assets greater than five percent of current assets	0
Other Current Assets | Assets, Total	
Condensed Balance Sheet Statements, Captions [Line Items]	
Concentration risk, percentage	5.00%

Consolidated Balance Sheets Detail - Property, Plant and Equipment (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Property, Plant and Equipment [Line Items]			
Cost of property, plant and equipment	$ 1,157	$ 1,273	
Accumulated amortization	1,093	1,182	
Net book value	64	91	
Depreciation	36	76	$ 124
Buildings, leasehold improvements and other			
Property, Plant and Equipment [Line Items]			
Cost of property, plant and equipment	85	101	
BlackBerry operations and other information technology			
Property, Plant and Equipment [Line Items]			
Cost of property, plant and equipment	987	1,070	
Manufacturing, repair and research and development equipment			
Property, Plant and Equipment [Line Items]			
Cost of property, plant and equipment	75	87	
Furniture and fixtures			
Property, Plant and Equipment [Line Items]			
Cost of property, plant and equipment	$ 10	$ 15	

Consolidated Balance Sheets Detail - Intangible Assets (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Finite-Lived Intangible Assets [Line Items]			
Cost	$ 1,290	$ 1,291	
Accumulated Amortization	813	689	
Net Book Value	477	602	
Amortization expenses related to intangible assets	141	163	$ 492
Intangible assets acquired during the period	30	57	
Finite-Lived Intangible Assets, Net, Amortization Expense, Fiscal Year Maturity [Abstract]			
2018	120		
2019	101		
2020	82		
2021	54		
2022	20		
Acquired technology			
Finite-Lived Intangible Assets [Line Items]			
Cost	682	676	
Accumulated Amortization	512	446	
Net Book Value	170	230	
Intellectual property			
Finite-Lived Intangible Assets [Line Items]			
Cost	411	418	
Accumulated Amortization	212	184	
Net Book Value	199	234	
Other acquired intangibles			
Finite-Lived Intangible Assets [Line Items]			
Cost	197	197	
Accumulated Amortization	89	59	
Net Book Value	$ 108	$ 138	

Consolidated Balance Sheets Details Consolidated Balance Sheet Details - Intangibles Assets Useful Life (Details)	12 Months Ended	
	Feb. 28, 2018	**Feb. 28, 2017**
Acquired Technology		
Intangible Assets, Weighted average remaining useful lives [Line Items]		
Intangible assets, remaining useful life	3 years 2 months	3 years 4 months 8 days
Intellectual property		
Intangible Assets, Weighted average remaining useful lives [Line Items]		
Intangible assets, remaining useful life	7 years	8 years 5 months 14 days
Other acquired intangibles		
Intangible Assets, Weighted average remaining useful lives [Line Items]		
Intangible assets, remaining useful life	4 years 4 months 15 days	5 years 14 days

Consolidated Balance Sheets Details Consolidated Balance Sheet Details - Changes to Carrying Amount of Goodwill (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Goodwill [Roll Forward]			
Carrying amount as of beginning of period	$ 559	$ 618	$ 85
Effect of foreign exchange on non-U.S. dollar denominated goodwill	10	(2)	(7)
Goodwill acquired through business combinations during the year			540
Goodwill Impairment Charge	0	57	0
Carrying amount as of end of period	$ 569	$ 559	$ 618

Consolidated Balance Sheets Details Consolidated Balance Sheet Details - Long-Term Receivables (Details) - USD ($) $ in Millions	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Long-Term Receivables [Abstract]		
License receivable	$ 25	$ 0
Loans Receivable, Gross, Commercial, Mortgage	0	7
Long-term receivables	25	$ 7
Receivable with Imputed Interest, Face Amount	$ 27	
Receivable with Imputed Interest, Effective Yield (Interest Rate)	0.00%	

Consolidated Balance Sheets Detail - Accrued Liabilities (Detail) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Balance Sheet Related Disclosures [Abstract]		
Accrued Royalties	$ 18	$ 43
Restructuring Reserve, Current	19	18
Accrued Bonuses	40	29
Other	128	150
Accrued liabilities total	$ 205	$ 240

Consolidated Balance Sheets Detail - Additional Information (Detail) - USD ($)	3 Months Ended		12 Months Ended		
	Aug. 31, 2017	May 31, 2016	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Long-Lived Assets to be Abandoned [Line Items]					
Gain (Loss) on Disposition of Property Plant Equipment			$ 3,000,000		
Inventory write-down			0	$ 150,000,000	$ 36,000,000
Loss on sale, disposal and abandonment of long-lived assets			9,000,000	171,000,000	195,000,000
Impairment of long-lived assets	$ 11,000,000	$ 501,000,000	11,000,000	501,000,000	0
Abandonment and impairment of long lived asset, Costs			16,000,000	62,000,000	592,000,000
Abandonment and impairment of long lived assets, Accumulated amortization			10,000,000	55,000,000	456,000,000
Abandonment and impairment of long lived assets			6,000,000	7,000,000	136,000,000
Impairment of goodwill			$ 0	57,000,000	$ 0
Other accrued liabilities greater than five percent of current liabilities			0		
Finite-Lived Intangible Assets [Member]					
Long-Lived Assets to be Abandoned [Line Items]					
Impairment of long-lived assets			$ 11,000,000	$ 501,000,000	

Business Acquisitions - Measurement Period Adjustment (Details) - Other acquisitions $ in Millions	12 Months Ended Feb. 28, 2017 USD ($)
Business Acquisition [Line Items]	
Future post-combination employment expense	$ 5.0
Acquired technology	4.5
Goodwill	$ 0.5

Business Acquisitions - Summary of Estimated Fair Value of Assets Acquired and Liabilities Assumed (Detail) - Other acquisitions $ in Millions	12 Months Ended Feb. 28, 2017 USD ($)
Assets Purchased	
Acquired technology	$ 4.5
Goodwill	0.5
Consideration	
Future post-combination employment expense	$ 5.0

Restructuring - Schedule of Company's Resource Alignment Program (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Restructuring Cost and Reserve			
Restructuring reserve	$ 42	$ 36	$ 38
Resource Alignment Program			
Restructuring Cost and Reserve			
Charges incurred	67	62	
Payments for restructuring	(61)	(64)	
Employee Termination Benefits | Resource Alignment Program			
Restructuring Cost and Reserve			
Charges incurred	12	15	
Payments for restructuring	(20)	(18)	
Restructuring reserve	1	9	12
Facilities Costs | Resource Alignment Program			
Restructuring Cost and Reserve			
Charges incurred	26	16	
Payments for restructuring	(14)	(15)	
Restructuring reserve	39	27	26
Other Charges | Resource Alignment Program			
Restructuring Cost and Reserve			
Charges incurred	29	31	
Payments for restructuring	(27)	(31)	
Restructuring reserve	$ 2	$ 0	$ 0

Restructuring - Schedule of Company's Resource Alignment Program Charge (Details) - USD ($) $ in Millions	12 Months Ended	
	Feb. 28, 2018	Feb. 28, 2017
Resource Alignment Program		
Restructuring Cost and Reserve		
Charges incurred	$ 67	$ 62
Resource Alignment Program | Cost of sales		
Restructuring Cost and Reserve		
Charges incurred	11	25
Resource Alignment Program | Research and Development		
Restructuring Cost and Reserve		
Charges incurred	5	4
Resource Alignment Program | Selling, marketing and administration		
Restructuring Cost and Reserve		
Charges incurred	62	235
Resource Alignment Program Total		
Restructuring Cost and Reserve		
Charges incurred	$ 78	$ 264

Restructuring - Schedule of Company's Cost Optimization Program (Detail) - USD ($) $ in Millions	12 Months Ended			
	Feb. 28, 2018	Feb. 28, 2017	Feb. 28, 2018	Feb. 28, 2017
Restructuring Reserve [Roll Forward]				
Beginning Balance	$ 36	$ 38		
Ending Balance	42	36		
Restructuring Reserve, Current			$ 19	$ 18
Restructuring Reserve, Noncurrent			23	
Ending Balance	36	38	42	36
Resource Alignment Program				
Restructuring Reserve [Roll Forward]				
Charges incurred	(67)	(62)		
Cash payments made	(61)	(64)		
Resource Alignment Program | Employee Termination Benefits				
Restructuring Reserve [Roll Forward]				
Beginning Balance	9	12		
Charges incurred	(12)	(15)		
Cash payments made	(20)	(18)		
Ending Balance	1	9		
Restructuring Reserve, Current			1	
Restructuring Reserve, Noncurrent			0	
Ending Balance	9	12	1	9
Resource Alignment Program | Facilities Costs				
Restructuring Reserve [Roll Forward]				
Beginning Balance	27	26		
Charges incurred	(26)	(16)		
Cash payments made	(14)	(15)		
Ending Balance	39	27		
Restructuring Reserve, Current			16	
Restructuring Reserve, Noncurrent			23	
Ending Balance	27	26	39	27
Resource Alignment Program | Other Charges				
Restructuring Reserve [Roll Forward]				
Beginning Balance	0	0		
Charges incurred	(29)	(31)		
Cash payments made	(27)	(31)		
Ending Balance	2	0		
Restructuring Reserve, Current			2	
Restructuring Reserve, Noncurrent			0	
Ending Balance	$ 0	$ 0	$ 2	$ 0

Restructuring - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Restructuring Cost and Reserve			
Abandonment and impairment of long lived assets	$ 6	$ 7	$ 136
Resource Alignment Program			
Restructuring Cost and Reserve			
Charges incurred	67	62	
Abandonment and impairment of long lived assets	$ 4	4	
Impairment of long-lived assets to be disposed of		$ 165	

Income Taxes - Components of Provision for (Recovery of) Income Tax and Income from Continuing Operations Before Income Tax (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Income Tax Disclosure [Abstract]			
Statutory Canadian tax rate	26.50%	26.60%	26.60%
Expected provision for (recovery of) income taxes from continuing operations	$ 108	$ (320)	$ (75)
Differences in income taxes resulting from:			
Valuation allowance	(169)	302	58
Investment tax credits	(3)	(20)	(29)
Canadian tax rate differences	0	1	2
Change in unrecognized income tax benefits	8	28	(9)
Foreign tax rate differences	(6)	6	6
Deferred tax adjustment from U.S. tax reform	67	0	0
Other differences	(5)	1	6
Withholding Tax on Unremitted Earnings	1	0	(33)
Provision for (recovery of) income taxes	$ 1	$ (2)	$ (74)

Income Taxes - Income (Loss) from Continuing Operations Before Income Taxes (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Income before income taxes:			
Canadian	$ 413	$ (1,301)	$ (278)
Foreign	(7)	93	(4)
Income (loss) from continuing operations before income taxes	$ 406	$ (1,208)	$ (282)

Income Taxes - Provision for Income Taxes from Continuing Operations (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Current			
Canadian	$ 1	$ (3)	$ (10)
Foreign	7	(33)	38
Deferred			
Canadian	0	0	(35)
Foreign	(7)	34	(67)
Provision for (recovery of) income taxes	$ 1	$ (2)	$ (74)

Income Taxes - Components of Deferred Income Tax Assets and Liabilities (Detail) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Assets		
Property, plant, equipment and intangibles	$ 190	$ 180
Non-deductible reserves	48	103
Minimum Taxes	265	264
Convertible Debentures (see Note 10)	47	12
Research and development	286	259
Tax loss carryforwards	307	503
Other tax carryforwards	94	81
Deferred Tax Assets, Gross	1,237	1,402
Valuation allowance	1,221	1,361
Deferred income tax assets	16	41
Liabilities		
Property, plant and equipment	(19)	(50)
Withholding tax on unremitted earnings	0	0
Deferred income tax liabilities	19	50
Net deferred income tax asset (liability)	(3)	(9)
Deferred income tax asset	3	0
Deferred income tax liability	$ (6)	$ (9)

Income Taxes Income Taxes - Valuation Allowance (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Income Tax Disclosure [Abstract]			
Valuation allowance	$ (169)	$ 302	$ 58
Valuation Allowance, Deferred Tax Asset, Increase (Decrease), Amount		$ (302)	

Income Taxes - Reconciliation of Beginning and Ending Amount of Unrecognized Income Tax Benefits (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Income Tax Disclosure [Abstract]			
Unrecognized income tax benefits, Beginning balance	$ 65	$ 37	$ 11
Increase for income tax positions of prior years	4	28	0
Increase for income tax positions of current year	4	0	34
Settlement of tax positions	0	0	(8)
Other	0	0	0
Unrecognized income tax benefits, Ending balance	$ 73	$ 65	$ 37

Income Taxes - Summary of Open Tax Years by Major Jurisdiction (Detail)	12 Months Ended Feb. 28, 2018
Minimum | Canada [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2010
Minimum | United States [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2015
Minimum | United Kingdom [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2017
Maximum | Canada [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2018
Maximum | United States [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2018
Maximum | United Kingdom [Member]	
Income Tax Examination [Line Items]	
Open tax years by major tax jurisdiction	2018

Income Taxes Income Taxes - Summary of Net Operating Loss and Tax Credits Carryforwards (Details) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	$ 1,198	
Capital Loss Carryforward	30	
Research and development tax credit	371	
Minimum Taxes	265	$ 264
Tax Year 2029		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	11	
Capital Loss Carryforward	0	
Research and development tax credit	0	
Minimum Taxes	1	
Tax Year 2030		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	0	
Capital Loss Carryforward	0	
Research and development tax credit	4	
Minimum Taxes	109	
Tax Year 2031		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	50	
Capital Loss Carryforward	0	
Research and development tax credit	6	
Minimum Taxes	128	
Tax Year 2032		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	86	
Capital Loss Carryforward	0	
Research and development tax credit	3	
Minimum Taxes	27	
Tax Year 2033		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	92	
Capital Loss Carryforward	0	
Research and development tax credit	110	
Minimum Taxes	0	
Tax Year 2034		
Tax Credit Carryforward [Line Items]		
Operating Loss Carryforwards	80	

Capital Loss Carryforward	0
Research and development tax credit	106
Minimum Taxes	0
Tax Year 2035	
Tax Credit Carryforward [Line Items]	
Operating Loss Carryforwards	2
Capital Loss Carryforward	0
Research and development tax credit	52
Minimum Taxes	0
Tax Year 2036	
Tax Credit Carryforward [Line Items]	
Operating Loss Carryforwards	341
Capital Loss Carryforward	0
Research and development tax credit	41
Minimum Taxes	0
Tax Year 2037	
Tax Credit Carryforward [Line Items]	
Operating Loss Carryforwards	352
Capital Loss Carryforward	0
Research and development tax credit	22
Minimum Taxes	0
Tax Year 2038	
Tax Credit Carryforward [Line Items]	
Operating Loss Carryforwards	184
Research and development tax credit	13
Tax Year, Indefinite	
Tax Credit Carryforward [Line Items]	
Operating Loss Carryforwards	0
Capital Loss Carryforward	30
Research and development tax credit	14
Minimum Taxes	$ 0

Income Taxes - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Income Tax Disclosure [Abstract]			
Unrecognized income tax benefit will decrease in the next twelve months	$ 16		
Unrecognized tax benefits netted against deferred income taxes	58		
Unrecognized tax benefits included within taxes payable	15		
Accrued interest	$ 2	$ 2	
U.S. federal statutory income tax rate	21.00%	35.00%	
Effective Income Tax Rate Reconciliation, Repatriation of Foreign Earnings, Amount	$ 0		
Recognition of deferred tax assets due to U.S. tax reform	3		
Deferred tax adjustment from U.S. tax reform	$ 67	$ 0	$ 0

Long-term Debt Long-term Debt (Details) - USD ($)	12 Months Ended					
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016	Aug. 31, 2016	Aug. 26, 2016	Aug. 04, 2016
Debt Instrument [Line Items]						
Face amount of debt	$ 605,000,000	$ 605,000,000	$ 1,250,000,000			
Interest rate	3.75%	3.75%	6.00%			
Conversion of stock (in shares)	60,500,000	60,500,000	125,000,000			
Conversion price (in dollars per share)	$ 10.00	$ 10	$ 10			
Redemption period, end date	Nov. 13, 2020	Nov. 13, 2020	Nov. 13, 2016			
Interest rate in event of default	7.75%	7.75%	10.00%			
Percentage change of control	115.00%	115.00%	115.00%			
Ownership percentage by arms length party, common shares	35.00%	35.00%	35.00%			
Ownership percentage, common shares	50.00%	50.00%	50.00%			
Long-term debt	$ 782,000,000	$ 591,000,000	$ 1,280,000,000			
Unpaid principal balance	605,000,000					
Debentures fair value adjustment	191,000,000	24,000,000	(430,000,000)			
Interest expense, debt	0	0	75,000,000			
Periodic payment, interest	6,000,000					
Related party principal amounts of 6% debentures owned		$ 500,000,000				
Related party principal amounts of 3.75% debenture owned	500,000,000					
NCIB allowable principal amount of debenture for repurchase						$ 125,000,000
Repurchase amount - principal				$ 5,000,000		
Repurchase amount				$ 5,300,000	$ 1,330,000,000	
Debt instrument repurchased - interest amount					$ 19,000,000	
Repurchase date		Sep. 02, 2016				
Selling Marketing And Administration Expenses						
Debt Instrument [Line Items]						
Interest expense, debt	23,000,000	$ 48,000,000	$ 75,000,000			
3.75% Debenture						
Debt Instrument [Line Items]						

Aggregate differences	177,000,000	$ (14,000,000)
6% Debenture		
Debt Instrument [Line Items]		
Aggregate differences	$ 38,000,000	
3.75% Debenture		
Debt Instrument [Line Items]		
Interest rate	3.75%	
Percent of debt holders (not less than)	25.00%	
Par value of convertible debentures	$ 1,000	
Convertible debt, number of shares upon conversion (in shares)	100	
6% Debenture		
Debt Instrument [Line Items]		
Interest rate		6.00%

Capital Stock - Changes in Issued and Outstanding Common Shares (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Common Stock [Roll Forward]			
Capital stock outstanding, Shares, Beginning Balance	530,497,193		
Exercised during the year, Number	536,000	131,000	402,000
Common shares issued on the redemption of deferred share units			72,000
Capital stock outstanding, Shares, Ending Balance	536,733,733	530,497,193	
Common Stock, Amount [Roll Forward]			
Exercise of stock options	$ 4	$ 1	$ 3
Stock-based compensation	49	60	60
Income tax deficiency from share-based compensation		(1)	(1)
Employee share purchase plan	$ 4	$ 4	$ 1
Capital Stock and Additional Paid-In Capital [Member]			
Common Stock [Roll Forward]			
Capital stock outstanding, Shares, Beginning Balance	530,497,000	521,172,000	528,802,000
Exercised during the year, Number	536,000	131,000	402,000
Stock Issued During Period, Shares, Restricted Stock Award, Gross	7,258,000	8,689,000	4,320,000
Stock Repurchased and Retired During Period, Shares	(1,992,000)		(12,607,000)
Common shares issued for employee share purchase plan	435,000	505,000	183,000
Capital stock outstanding, Shares, Ending Balance	536,734,000	530,497,000	521,172,000
Common Stock, Amount [Roll Forward]			
Capital stock outstanding, Value, Beginning Balance	$ (2,512)	$ (2,448)	$ (2,444)
Exercise of stock options	4	1	3
Stock-based compensation	49	60	60
Income tax deficiency from share-based compensation		(1)	(1)
Income tax benefit from share-based compensation		(1)	
Share repurchases	(9)		(59)
Employee share purchase plan	4	4	1
Capital stock outstanding, Value, Ending Balance	$ (2,560)	$ (2,512)	$ (2,448)

Capital Stock - Summary of Option Activity (Detail) - USD ($) $ / shares in Units, shares in Thousands, $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Number (000's)			
Options Outstanding, Number, Beginning Balance	1,623	1,474	1,486
Granted during the year, Number		673	772
Exercised during the year, Number	(536)	(131)	(402)
Forfeited/cancelled/expired during the year, Number	(225)	(393)	(382)
Options Outstanding, Number, Ending Balance	862	1,623	1,474
Stock options vested and expected to Vest, Number	834		
Exercisable, Number	411		
Weighted Average Exercise Price			
Beginning balance (usd per share)	$ 7.46	$ 7.01	$ 9.34
Granted during the year (usd per share)		7.96	6.30
Exercised during the year (usd per share)	7.31	6.14	6.09
Forfeited/cancelled/expired during the year (usd per share)	7.68	7.44	14.45
Ending balance (usd per share)	7.57	$ 7.46	$ 7.01
Vested and expected to vest (usd per share)	7.58		
Exercisable (usd per share)	$ 7.69		
Additional Disclosures [Abstract]			
Average Remaining Contractual Life in Years	3 years 5 months 12 days		
Stock options vested and expected to vest, Average Remaining Contractual Life in Years	3 years 5 months 5 days		
Exercisable, Weighted Average Remaining Contractual Term	2 years 10 months 6 days		
Aggregate Intrinsic Value	$ 4		
Stock Options Vested and Expected to Vest, Aggregate Intrinsic Value	4		
Exercisable, Aggregate Intrinsic Value	$ 2		

Capital Stock - Summary of Unvested Stock Options (Detail) - $ / shares shares in Thousands	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Number (000's)			
Options Outstanding, Number, Beginning Balance	1,623	1,474	1,486
Granted during the year, Number		673	772
Options Outstanding, Number, Ending Balance	862	1,623	1,474
Weighted Average Exercise Price			
Weighted-average grant date fair value of stock options granted during the periods (usd per share)	$ 0.00	$ 2.36	$ 2.49
Unvested stock options [Member]			
Number (000's)			
Options Outstanding, Number, Beginning Balance	1,020		
Vested during the year, Number	(421)		
Options Forfeited during the year, Number	(148)		
Options Outstanding, Number, Ending Balance	451	1,020	
Weighted Average Exercise Price			
Share-based Compensation Arrangement by Share-based Payment Award, Options, Nonvested, Weighted Average Grant Date Fair Value, Beginning Balance	$ 2.55		
Weighted Average Grant Date Fair Value, Vested during the periods (usd per share)	2.68		
Weighted Average Grant Date Fair Value, Forfeited during the periods (usd per share)	2.66		
Share-based Compensation Arrangement by Share-based Payment Award, Options, Nonvested, Weighted Average Grant Date Fair Value, Ending Balance	$ 2.40	$ 2.55	

Capital Stock - Option-Pricing Model Assumptions (Detail) - $ / shares	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Assumptions:			
Weighted-average grant date fair value of stock options granted during the periods (usd per share)	$ 0.00	$ 2.36	$ 2.49
Risk-free interest rates	0.00%	0.92%	1.00%
Expected life in years	0 years	3 years 6 months 7 days	3 years 4 months 17 days
Expected dividend yield	0.00%	0.00%	0.00%
Volatility	0.00%	38.86%	54.60%

Capital Stock - Restricted Share Unit Activity (Detail) - USD ($) $ / shares in Units, $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Allocated Share-based Compensation Expense		$ 59	
Restricted Share Units (RSUs)			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Number of awards granted	3,502,755	5,126,346	
Unrecognized compensation expense related to restricted share unit plan	$ 63		
Weighted-average vesting period related to unrecognized share-based compensation on unvested awards	1 year 1 month 13 days		
Allocated Share-based Compensation Expense	$ 48		$ 59
Number (000's)			
Beginning balance	20,832,000	27,670,000	26,001,000
Granted during the period, Number	3,503,000	5,126,000	8,986,000
Vested during the period, Number	(7,258,000)	(8,691,000)	(4,320,000)
Cancelled during the period, Number	(2,145,000)	(3,273,000)	(2,997,000)
Ending balance	14,932,000	20,832,000	27,670,000
Vested and Expected to Vest, Outstanding Number	14,157,000		
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments other than Options, Weighted Average Grant Date Fair Value [Roll Forward]			
Beginning balance, Weighted-Average Grant Date Fair Value	$ 7.26	$ 7.38	$ 7.84
Granted during the period, Weighted Average Grant Date Fair Value	10.84	7.77	7.20
Vested during the period, Weighted-Average Grant Date Fair Value	7.43	7.69	8.75
Cancelled during the period, Weighted-Average Grant Date Fair Value	8.22	7.94	8.84
Ending balance, Weighted-Average Grant Date Fair Value	7.87	$ 7.26	$ 7.38
Vested and Expected to Vest, Weighted Average Grant Date Fair Value	$ 7.81		
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Additional Disclosures [Abstract]			
Average Remaining Contractual Life in Years	1 year 1 month 13 days		
Aggregate Intrinsic Value	$ 181		
Vested and Expected to Vest, Average Remaining Contractual Life in Years	1 year 1 month 6 days		
Vested and Expected to Vest, Intrinsic Value	$ 172		

Employee Service Share Based Compensation Tax Deficiencies Realized From Exercise Of Stock Options or Vesting of RSUs	$ 0	$ 1	$ 1

Capital Stock - Additional Information (Detail) - USD ($) $ / shares in Units, $ in Millions	12 Months Ended									
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016	Mar. 26, 2018	Jun. 23, 2017	Jan. 29, 2016	Sep. 24, 2015	Jun. 22, 2015	May 06, 2015	Feb. 28, 2015
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]										
Shares in the equity pool available for future grants	22,000,000									
Stock repurchased and charged against retained earnings	$ 9.0		$ 34.0							
Stock Repurchase Program, Number of Shares Authorized to be Repurchased					31,000,000	27,000,000	27,000,000		12,000,000	
Percentage of Entity Public Float as of May 31, 2017					6.40%					
Entity Public Float as of June 22, 2015						5.80%	5.80%	2.50%		
Stock Repurchased During Period, Shares	2,000,000		13,000,000							
Allocated Share-based Compensation Expense		$ 59.0								
Common shares repurchased	$ 18.0	$ 0.0	$ 93.0							
Common shares or awards outstanding	536,733,733	530,497,193								
Automatic Repurchase Plan, Shares Allowed for Repurchase by Broker						2,685,524				
Voting Common Stock [Member] | Subsequent Event [Member]										
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]										
Common shares or awards outstanding				537,000,000						
Employee Stock Option [Member]										
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]										
Allocated Share-based Compensation Expense	$ 1.0	$ 1.0	1.0							
Intrinsic Value of Stock Options Exercised, Per Share	$ 2.89									
Unrecognized compensation expense related to restricted share unit plan	$ 1.0									
Weighted-average vesting period related to unrecognized share-based compensation on unvested awards	1 year 2 months 28 days									
Share-based Compensation Arrangement by Share-based Payment Award, Options, Vested in Period, Fair Value	$ 1.0	1.0	2.0							

Cash received from stock options	4.0	1.0	3.0	
Employee Service Share Based Compensation Tax Deficiencies Realized From Exercise Of Stock Options or Vesting of RSUs	$ 0.0	$ 0.0	$ 0.0	
Number of awards granted	0	672,712	772,056	
Employee Stock Option [Member] | Minimum				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Award Vesting Period	3 years			
Share-based Compensation Arrangement by Share-based Payment Award, Expiration Period	5 years			
Employee Stock Option [Member] | Maximum				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Award Vesting Period	5 years			
Share-based Compensation Arrangement by Share-based Payment Award, Expiration Period	7 years			
Employee Stock Option [Member] | Subsequent Event [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Common shares or awards outstanding				1,000,000
Restricted Share Units (RSUs) | Subsequent Event [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Common shares or awards outstanding				15,000,000
Deferred Share Unit				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Deferred share units issued	129,015			
Share-based Compensation Arrangement by Share-based Payment Award, Equity	700,000	500,000		

Instruments Other than Options, Nonvested, Number									
Liability related to deferred share unit plan	$ 8.2	$ 3.8							
Deferred Share Unit | Subsequent Event [Member]									
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]									
Common shares or awards outstanding				700,000					
Capital Stock and Additional Paid-In Capital [Member]									
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]									
Stock Repurchased and Retired During Period, Value	$ 9.0		$ 59.0						
Common shares or awards outstanding	536,734,000	530,497,000	521,172,000						528,802,000

Earnings (Loss) Per Share - Summary of Basic and Diluted Earnings Per Share (Detail) - USD ($) $ / shares in Units, $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Earnings Per Share [Abstract]			
Net income (loss) for basic and diluted earnings (loss) per share available to common shareholders from continuing operations	$ 405	$ (1,206)	$ (208)
Debentures fair value impact on EPS	0	0	430
Interest expense, debt	0	0	75
Net Income (Loss) Available to Common Stockholders, Diluted	$ 405	$ (1,206)	$ (563)
Weighted-average number of shares outstanding (000's) - basic and diluted	532,888,000	525,265,000	526,303,000
Incremental Common Shares Attributable to Dilutive Effect of Share-based Payment Arrangements	12,998,000	0	0
Dilutive Securities, Effect on Basic Earnings Per Share, Dilutive Convertible Securities	0	0	125,000,000
Weighted Average Number of Shares Outstanding, Diluted	545,886,000	525,265,000	651,303,000
Earnings Per Share, Basic	$ 0.76	$ (2.30)	$ (0.40)
Earnings Per Share, Diluted	$ 0.74	$ (2.30)	$ (0.86)
Employee Stock Option [Member]			
Earnings Per Share [Line Items]			
Outstanding Options In-the-Money	790,918		
Restricted Share Units (RSUs)			
Earnings Per Share [Line Items]			
Outstanding RSUs In-the-Money	14,068,069		

Accumulated Other Comprehensive Income (Loss) - Components of Accumulated Other Comprehensive Income (Loss) (Detail) - USD ($) $ in Millions	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Equity [Abstract]			
Accumulated net unrealized gains on available-for-sale investments	$ (7)	$ (4)	$ 3
Accumulated net unrealized gains (losses) on derivative instruments designated as cash flow hedges	(1)	0	(1)
Accumulated Other Comprehensive Income (Loss), Foreign Currency Translation Adjustment, Net of Tax	(1)	(13)	(10)
Accumulated losses associated with post employment benefits	(1)	0	0
Accumulated other comprehensive income (loss)	$ (10)	$ (17)	$ (8)

Accumulated Other Comprehensive Income (Loss) - Location of Loss Reclassified from AOCI into Income (Details) $ in Millions	12 Months Ended Feb. 28, 2018 USD ($)
Selling, marketing and administration [Member]	
Reclassification Adjustment out of Accumulated Other Comprehensive Income on Derivatives [Line Items]	
Gains and Losses on Cash Flow Hedges	$ 2

Commitments and Contingencies (Details) $ in Millions	Feb. 28, 2018 USD ($)
Commitments and Contingencies Disclosure [Abstract]	
Collateral of outstanding letters of credit	$ 33

Commitments and Contingencies - Lease Commitments (Detail) - Real Estate [Member] $ in Millions	Feb. 28, 2018 USD ($)
Operating Leases Future Minimum Payments Due [Line Items]	
2018	$ 33
2019	28
2020	18
2021	15
2022	15
Thereafter	29
Total	$ 138

Commitments and Contingencies - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Results of Arbitrations and Legal Proceedings [Line Items]			
Rental expense incurred	$ 32	$ 37	$ 45
Qualcomm Incorporated			
Results of Arbitrations and Legal Proceedings [Line Items]			
Proceeds from Legal Settlements	940		
Gain (Loss) Related to Litigation Settlement	962		
Litigation Settlement, Amount Awarded from Other Party	815		
Litigation Settlement Interest	(139)		
Payments for Legal Settlements	22		
Legal Recoveries	8		
Nokia Corporation [Member]			
Results of Arbitrations and Legal Proceedings [Line Items]			
Litigation original amount awarded to other party before correction	137		
Litigation Settlement, Amount Awarded to Other Party	132		
Litigation Settlement Interest	16		
Payments for Legal Settlements	148		
GTC Lawsuit [Member]			
Results of Arbitrations and Legal Proceedings [Line Items]			
Legal Fees	$ 10		

- Revenue from External Customers by Geographic Areas (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Segment Reporting Information [Line Items]			
Total Revenue	$ 932	$ 1,309	$ 2,160
Total Revenue Rate	100.00%	100.00%	100.00%
North America			
Segment Reporting Information [Line Items]			
Total Revenue	$ 540	$ 659	$ 893
Total Revenue Rate	58.00%	50.30%	41.30%
EMEA			
Segment Reporting Information [Line Items]			
Total Revenue	$ 278	$ 461	$ 857
Total Revenue Rate	29.80%	35.20%	39.70%
Latin America			
Segment Reporting Information [Line Items]			
Total Revenue	$ 15	$ 35	$ 135
Total Revenue Rate	1.60%	2.70%	6.30%
Asia Pacific			
Segment Reporting Information [Line Items]			
Total Revenue	$ 99	$ 154	$ 275
Total Revenue Rate	10.60%	11.80%	12.70%

Segment Disclosures - Revenue by Type (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Revenue by Type [Line Items]			
Revenues	$ 932	$ 1,309	$ 2,160
Enterprise Software and Services			
Revenue by Type [Line Items]			
Revenues	388	345	211
BlackBerry Technology Solutions			
Revenue by Type [Line Items]			
Revenues	163	151	135
Licensing, IP and Other			
Revenue by Type [Line Items]			
Revenues	196	126	151
Handheld Devices			
Revenue by Type [Line Items]			
Revenues	64	374	884
Service Access Fees			
Revenue by Type [Line Items]			
Revenues	$ 121	$ 313	$ 779

Segment Disclosures - Long-lived Assets and Total Assets by Geographic Areas (Details) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Long-lived Assets and Total Assets by Geographic Areas [Line Items]			
Long-Lived Assets	$ 1,110	$ 1,252	
Assets	$ 3,780	$ 3,296	
Number of customers that comprised more than 10% of total revenue	0	0	0
Canada			
Long-lived Assets and Total Assets by Geographic Areas [Line Items]			
Long-Lived Assets	$ 257	$ 312	
Assets	481	526	
United States			
Long-lived Assets and Total Assets by Geographic Areas [Line Items]			
Long-Lived Assets	772	871	
Assets	3,058	2,490	
Other Countries			
Long-lived Assets and Total Assets by Geographic Areas [Line Items]			
Long-Lived Assets	81	69	
Assets	$ 241	$ 280	

Cash Flow Information - Interest and Income Taxes Paid (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Supplemental Cash Flow Information [Abstract]			
Interest paid during the year	$ 39	$ 48	$ 75
Income taxes paid during the year	6	10	30
Proceeds from Income Tax Refunds	$ 7	$ 19	$ 172

Cash Flow Information - Additional Information (Detail) - USD ($) $ in Millions	12 Months Ended		
	Feb. 28, 2018	Feb. 28, 2017	Feb. 29, 2016
Supplemental Cash Flow Information [Abstract]			
Advertising expense	$ 23	$ 38	$ 102
Foreign exchange gains (losses)	$ 0	$ (4)	$ 12