

BlackBerry Investment Report

QNX is the pre-certified safety layer for physical AI: the operating system inside machines that cannot fail, from robots to medical devices. On September 22, 2026, NVIDIA endorsed QNX on its own keynote stage at Embedded World North America. This report builds the full thesis; the September 24 earnings print is a near-term checkpoint on execution.

A

fundamental grade

Verdict: Positive. Early-cycle turnaround, real moat.

BlackBerry is a physical-AI company with a certified moat. QNX is the pre-certified safety layer NVIDIA just endorsed for humanoids, cobots, and autonomous machines. The September 24 print is a checkpoint on execution, not the thesis. Wait for the print before sizing any position.

Reference share price: \$8.53 (September 21, 2026 close). Market cap about \$5 billion.

This is independent research, not investment advice. Every claim in this report is sourced. All data is dated. Anything after September 23, 2026 is not included.

How to read this report

\$8.53

Reference price: September 21, 2026 close. 52-week range: \$3.12 to \$13.59.

\$13.50

Base-case FY2029 price target. Scenario, not a forecast. See page 15.

\$152.9M

Fiscal Q1 2027 revenue, reported June 25, 2026. Up 26% year over year.

Sep. 24

Q2 FY2027 reports before market open. Revenue guide: \$137M to \$148M.

Five things that decide the outcome

QUESTION	WHAT TO WATCH
1. Is QNX growth durable?	QNX grew 26% in Q1 FY27. The Q2 checkpoint: at or above \$75M.
2. Can software beat auto cycles?	The thesis is now physical AI across robotics, medical, and industrial, not just autos. Near-term QNX revenue is still auto-weighted.
3. Is Secure Communications stable?	Government and defense contracts are lumpy. ARR of \$220M is the anchor.
4. Does the Q2 print confirm execution?	September 24 should show a beat plus a full-year guidance raise. A checkpoint, not the thesis.
5. Does the price already know?	The stock is up 103% in twelve months. Valuation assumes execution continues.

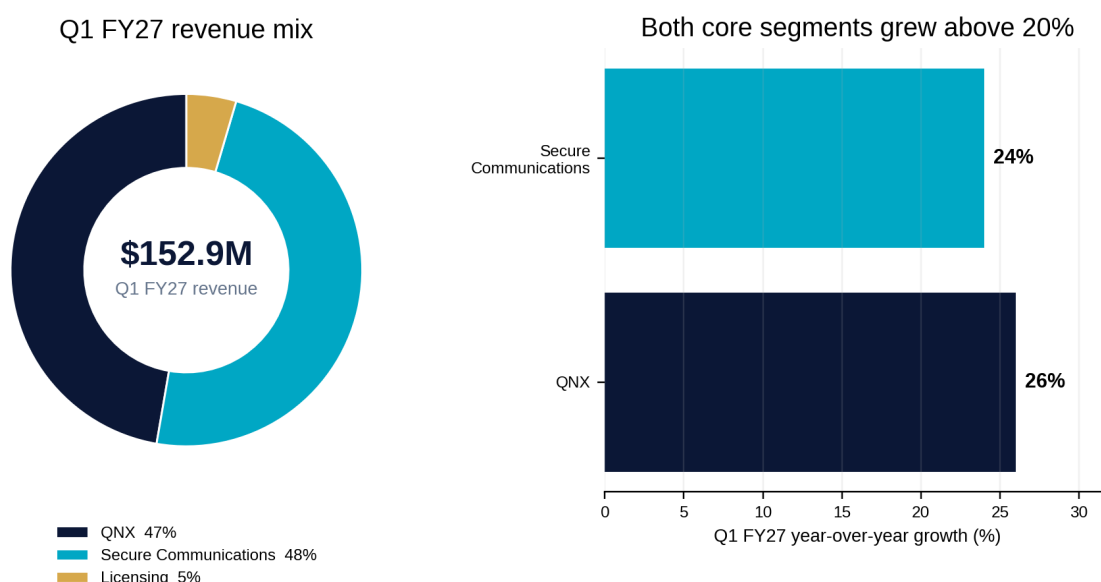
Plain-language promise. Jargon is explained the first time it appears. Sentences stay short. Every number carries a source.

The business engine

03

BlackBerry is two software businesses sharing one balance sheet. **QNX** sells the real-time operating system, an operating system built to respond instantly and never crash, that sits inside cars, medical devices, and industrial robots. **Secure Communications** sells ultra-secure messaging and device management to governments and defense agencies.

In fiscal Q1 2027, the two engines ran neck and neck: QNX at \$72.3M of revenue, Secure Communications at \$73.6M. Licensing added \$7.0M. Both core segments grew above 20% year over year.



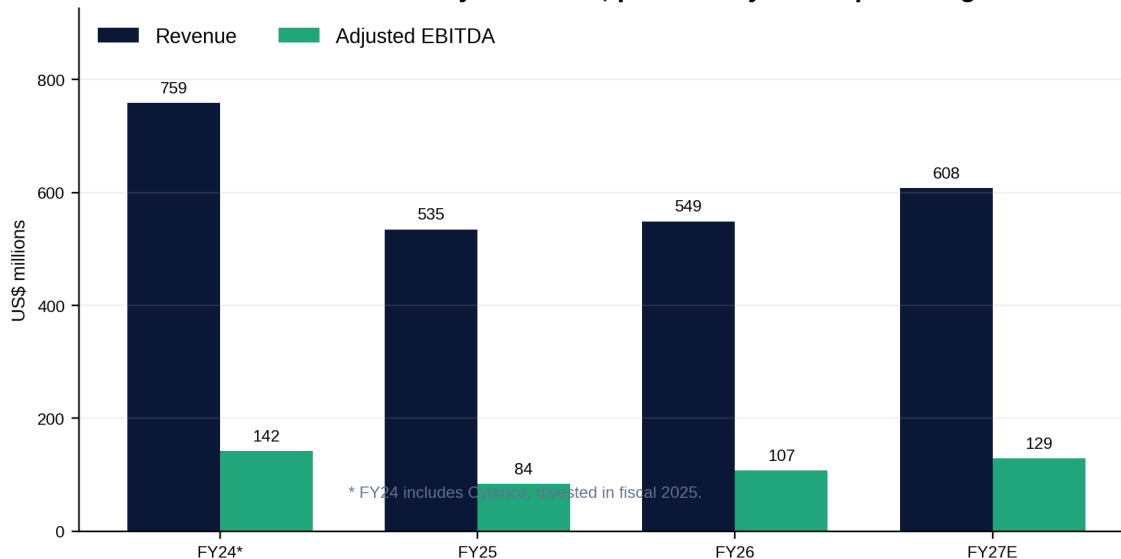
Q1 FY2027: QNX and Secure Communications contribute nearly equally; both grew above 20% year over year. Source: BlackBerry Q1 FY27 earnings release, June 25, 2026.

The economics are software economics. QNX posted an 86% adjusted gross margin in Q1 FY27. Each segment converted roughly 27% of revenue into adjusted EBITDA. That is the engine: high-margin, recurring royalty revenue scaling on a largely fixed cost base.

Financial quality: the turnaround is real

04

Revenue stabilized after the Cylance sale; profitability is compounding



Revenue stabilized after the Cylance divestiture; adjusted EBITDA is compounding. FY27E uses guide midpoints. Sources: BlackBerry FY25/FY26 releases, Q1 FY27 release.

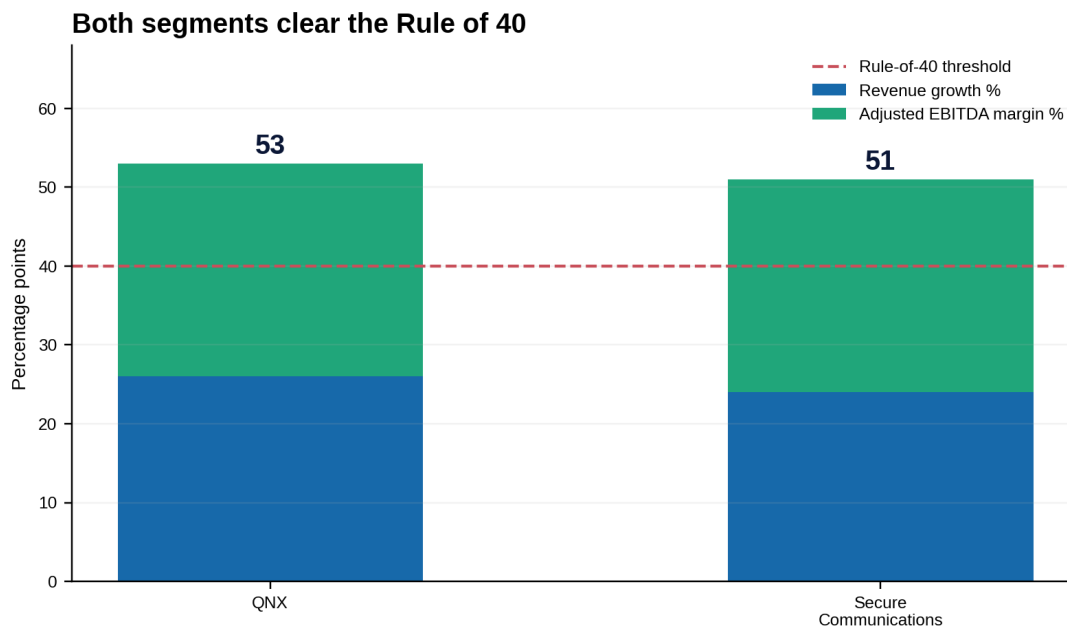
Fiscal 2026 ended February 28, 2026 with revenue of \$549.1M, up 3%. Adjusted EBITDA reached \$107.1M, up 27% from \$84.2M in fiscal 2025. Operating cash flow hit \$50.3M and free cash flow about \$46.5M. GAAP net income turned positive at \$53.2M.

Then Q1 FY27 accelerated: revenue up 26% to \$152.9M, adjusted EBITDA of \$36.3M, and adjusted EPS of \$0.04. Management raised full-year guidance. The full-year guide now calls for revenue of \$594M to \$621M, adjusted EBITDA of \$119M to \$139M, and operating cash flow of about \$100M.

What is working. Growth is profitable: 26% revenue growth alongside 27% EBITDA margins is rare in small-cap software. Cash is compounding: \$422.9M of cash and investments against about \$197M of long-term debt leaves the company in a net-cash position. **Net cash** means cash on hand exceeds debt.

The Rule of 40 test

05



Q1 FY27 segment scores: QNX 53, Secure Communications 51. The threshold is 40. Source: BlackBerry Q1 FY27 earnings release.

The **Rule of 40** is a simple software health check: revenue growth plus profit margin should exceed 40. It balances growth against discipline. A company growing 10% with 30% margins passes. A company growing 50% while losing money does not.

Both BlackBerry segments pass comfortably. QNX pairs 26% growth with a 27% EBITDA margin for a score of 53. Secure Communications pairs 24% growth with 27% margin for a score of 51. This is the signature of a durable software business: growth that does not burn cash.

Caveat: these are single-quarter readings. The test only becomes meaningful when held across four to eight quarters. The September 24 print is the second datapoint.

The moat: certified and embedded

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A **moat** is a durable competitive advantage. BlackBerry has three.

- **Safety certification.** QNX is pre-certified to the highest safety levels, including IEC 61508 SIL 3 and ISO 26262 ASIL D. **Certification** here means regulators and manufacturers have audited the code and approved it for life-critical use. Re-certifying a competitor takes years. In September 2026, NVIDIA endorsed QNX on its own keynote stage as the trusted safety layer for physical AI: third-party validation of the moat from the dominant AI compute company.
- **Installed base.** QNX is embedded in more than 275 million vehicles. When a car model ships with QNX, the design win typically lasts the life of that platform, seven to ten years, and generates per-vehicle royalties on every unit produced.
- **royalty backlog.** The contracted-but-not-yet-billed royalty backlog stands near \$950M, up almost 10% in fiscal 2026. This is future revenue tied to vehicles already designed in but not yet built.

Secure Communications adds a second, different moat: trust. Its SecuSUITE product earned certification from Germany's Federal Office for Information Security, the BSI. Governments do not switch secure-communication vendors casually. Annual recurring revenue of \$220M and a 92% net revenue retention rate show customers staying and spending.

Net revenue retention measures how much revenue from existing customers repeats and expands year over year. At 92%, the base is stable, though below the 100% plus that best-in-class SaaS companies post.

Technical analysis: strong, but extended

07

Data through the September 21, 2026 session. Reference close: \$8.53. All indicators below use this single dated series.



Price sits above all major moving averages heading into the September 24 print. Dashed lines mark key levels. Data: Finnhub daily candles, September 2025 to September 21, 2026.

Reading the chart

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INDICATOR	READING	MEANING
Price vs. 20-day average	\$8.53 vs. \$7.88	Short-term momentum is positive.
Price vs. 50-day average	\$8.53 vs. \$8.47	Price is hugging the medium-term average: a balanced tape.
Price vs. 200-day average	\$8.53 vs. \$6.18	The long-term uptrend is intact, with a 38% cushion.
52-week range	\$3.12 to \$13.59	The stock sits 37% below its high, 173% above its low.
5-day / 21-day returns	+9.4% / +6.1%	Buyers are stepping in ahead of the print.
63-day return	-3.3%	The last three months were flat to slightly down: a base, not a breakout.
126-day return	+156.9%	The big move happened in spring. Momentum has cooled since.

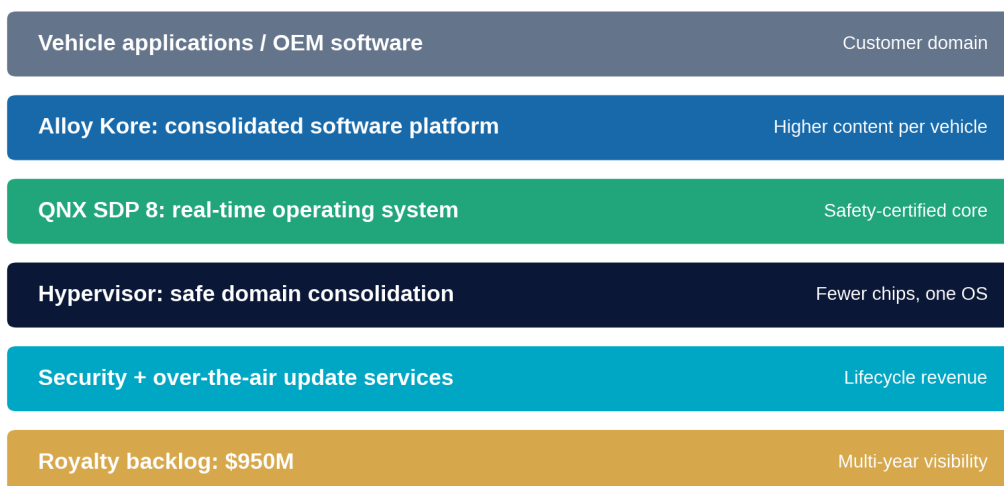
Support and resistance. \$6 is the clearest support: the rising 200-day average and the spring breakout zone converge there. \$10 is the psychological pivot. \$13.59, the 52-week high, is the ceiling to beat.

The risk into the print. The stock gained 9.4% in the five sessions before September 21. Expectations are warm. A good quarter that merely meets guidance could still disappoint a market positioned for a raise. This is classic **event risk**: the price reflects hope, and hope is fragile.

The QNX thesis: the safety layer for physical AI

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QNX sells the software foundation of the software-defined vehicle



Each layer deepens the moat: certification, consolidation, and a royalty stream that compounds with vehicle production.

How QNX captures value inside safety-critical machines: from certified real-time core to per-unit royalties. Source: BlackBerry product disclosures.

Artificial intelligence is moving off the screen and into the physical world: humanoid robots, cobots, surgical robots, autonomous machines working next to people. The platform underneath those machines has to be certifiable, not just capable. QNX is a pre-certified real-time operating system (IEC 61508 SIL 3, ISO 26262 ASIL D), built for machines that cannot fail, and it is the natural software layer for this wave.

On September 22, 2026, NVIDIA's VP of Robotics and Edge AI put up a dedicated "NVIDIA loves QNX" slide in his keynote at Embedded World North America: a single pre-certified OS uniting real-time control with NVIDIA AI compute. It was the first time NVIDIA endorsed QNX publicly from its own stage. It builds on the April 2026 announcement of QNX OS for Safety 8.0 integrated with NVIDIA IGX Thor and the Halos Safety Stack for robotics, medical, and industrial systems (the stock rose about 13% that day). The message from the industry's dominant AI compute company: QNX is the trusted safety layer for physical AI.

The automotive base remains the installed foundation. Cars are becoming computers on wheels, and the software-defined vehicle, features delivered and updated through software like a phone, plays out over decade-long model cycles. QNX SDP 8 and Alloy Kore let automakers run more functions on fewer chips, and per-vehicle software content keeps rising. But the growth frontier is now physical AI across every semi partner: NXP, NVIDIA, AMD, and others.

Why this cycle favors QNX

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- **Design wins are compounding.** The royalty backlog near \$950M, up almost 10% in fiscal 2026, represents vehicles already committed to QNX but not yet in production. As those vehicles launch, royalties follow with no new sales effort.
- **Per-vehicle content is rising.** Alloy Kore and domain consolidation mean more software per car. Even flat vehicle production can grow QNX revenue if each car carries more QNX.
- **Digital sovereignty is a tailwind.** Governments in Europe and Asia want critical software from trusted, non-adversarial vendors. BlackBerry, a Canadian company with German BSI certification, benefits. The Malaysian government partnership expansion is one concrete example.
- **The cloud partnership lowers adoption friction.** QNX SDP 8.0 is available on Microsoft Azure, letting developers build and test in the cloud before deploying to vehicles. Partnerships with AMD, Intel, Vector, and TTTech Auto widen the ecosystem.
- **Incremental margins are extreme.** Management's own framing: new royalty revenue flows through at roughly 90% margin. If true, every extra dollar of QNX revenue is nearly pure profit.

What could break it. Physical-AI adoption could arrive slower than the hype suggests, stretching the design-win-to-royalty timeline. A broad production downturn cuts near-term royalty volume. Chinese automakers building their own stacks could erode the automotive addressable market. And Tesla, the highest-profile EV maker, does not use QNX, proof that the very top of the auto market can be won without it.

Secure Communications: the stabilizer



Secure Communications is the quieter half: \$73.6M of Q1 FY27 revenue, up 24%, with a 27% EBITDA margin. It sells UEM, unified endpoint management, software that secures and manages fleets of phones and laptops, plus AtHoc crisis communication and SecuSUITE encrypted voice.

The customer base is the moat: governments, defense agencies, and regulated enterprises. These buyers renew. ARR of \$220M provides a recurring floor under the business. The German BSI certification for SecuSUITE on iOS is the kind of credential competitors cannot quickly replicate.

The segment returned to year-over-year growth in Q4 FY26 and accelerated in Q1 FY27. The watch item is lumpiness: large government deals close in bursts, so quarterly revenue can swing. The Q2 guide of \$57M to \$63M reflects that caution. A print below \$57M would signal deal slippage.

Risks, honestly stated

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RISK	SEVERITY	DETAIL
The September 24 print	Medium	Consensus expects \$143M of revenue. A miss, or flat guidance, hits a stock up 103% in a year. The quarter is the biggest near-term checkpoint, but the thesis is the physical-AI TAM, not one quarter.
Auto production cycles	Medium	Near-term QNX revenue is still auto-weighted, so a global auto downturn cuts revenue. But the thesis has diversified: physical AI across robotics, medical, and industrial, with NVIDIA's keynote endorsement, reduces dependence on any one cycle. The NXPI timing cross-read changes the path, not the destination.
Goodwill overhang	Medium	\$479M of goodwill sits on the balance sheet, a legacy of past acquisitions. An impairment would hit reported earnings, not cash.
Government deal lumpiness	Medium	Secure Communications depends on large contracts that can slip quarters. DBNRR of 92% shows the base is not expanding on its own.
Competitive pressure	Medium	Automakers are building in-house software stacks. Chinese OEMs may favor domestic suppliers. Certification is a moat, not a wall.
Licensing decay	Low	Licensing is a small, shrinking tail (\$7.0M in Q1 FY27). It adds noise, not value.

Catalysts: what moves the needle

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CATALYST	TIMING	WHAT GOOD LOOKS LIKE
Q2 FY27 earnings	September 24, 2026	QNX at or above \$75M, EBITDA above \$25M, full-year guidance raised.
Royalty backlog conversion	Ongoing	The \$950M backlog converts as committed vehicle programs launch.
SDP 8 and Alloy Kore adoption	FY27-FY28	New design wins raise per-vehicle content and extend the royalty tail.
Government contract wins	Lumpy	Digital-sovereignty demand converts into large Secure Communications deals.
Operating cash flow inflection	FY27	Guide calls for about \$100M, double FY26. Delivered cash ends the turnaround debate.
Potential strategic interest	Uncertain	A certified automotive software asset with net cash is a logical acquisition target. This is optionality, not a thesis pillar.

Valuation: what the price assumes

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At \$8.53, BlackBerry trades at roughly 47 times the midpoint of fiscal 2027 adjusted EPS guidance (\$0.16 to \$0.20). That is a growth multiple, not a value multiple. The market is paying for the QNX growth story to continue.

Is 47 times expensive? For a company growing revenue 26% with 27% EBITDA margins and a net-cash balance sheet, it is demanding but not absurd. High-quality software businesses routinely trade at 30 to 50 times earnings during growth phases. The question is whether the growth is durable.

A cross-check on cash: fiscal 2027 operating cash flow guidance of about \$100M against a roughly \$5B market cap is a 2% cash yield. Thin. The valuation works only if cash flow keeps compounding at 20% plus for several years.

The compounder mechanism: royalty operating leverage

QNX revenue comes in three flavors with very different margins. Royalties, paid per unit shipped, are near 100% margin: once the software is certified into a platform, each additional unit costs the company almost nothing. Development seats and services carry real engineering and support costs.

That mix is the key part of this compounder. Royalties are roughly 44% of QNX revenue today against a divisional gross margin near 83%. As the ~\$950M royalty backlog converts and physical-AI design wins stack on, the royalty share climbs toward 60% and beyond, pushing blended gross margin toward 90%. R&D and operating expenses are largely fixed, and a software business has negligible capital spending, so each incremental royalty dollar falls almost straight to EBITDA and then to free cash flow.

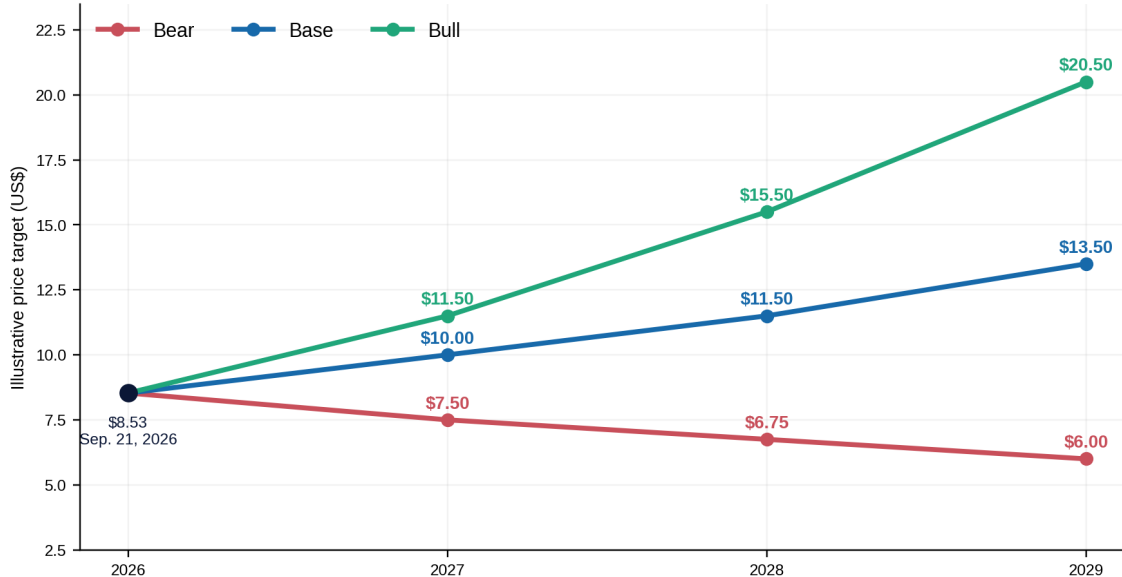
Free cash flow grows faster than revenue. A 12% revenue compounder can be a 20% plus cash-flow compounder as the royalty mix shifts. This is the certification moat turning directly into cash: the same switching costs that keep competitors out make every new royalty dollar almost pure profit. The royalty-driven margin expansion is now built into the 2029 scenario targets on page 15 rather than left as upside. In the bull case, revenue grows about 57% from FY27 to FY29 while free cash flow roughly triples.

The honest math. This stock is priced for execution. There is no margin of safety at \$8.53 if QNX growth stalls. The September 24 print is the market's next checkpoint on the growth assumption, not the thesis itself.

Scenario targets: FY2027 to FY2029

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FY2027-FY2029 scenario range: the print decides the near-term path



Illustrative scenario price paths from the \$8.53 reference price. Scenarios, not forecasts. Multiples applied to scenario EPS.

	BEAR	BASE	BULL
FY29 revenue	\$700M	\$780M	\$950M
FY29 adjusted EBITDA margin	~25%	~34%	~45%
FY29 adjusted EPS	\$0.26	\$0.41	\$0.68
Exit P/E multiple	23x	~33x	30x
FY29 price target	\$6.00	\$13.50	\$20.50
Return from \$8.53	-30%	+58%	+140%

Base case logic. QNX compounds near 12% annually on SDV adoption and backlog conversion; Secure Communications grows mid single digits; the royalty share of QNX revenue climbs toward 60%, pushing blended gross margin toward 90% and adjusted EBITDA margin into the mid 30s. EPS roughly doubles from the FY27 guide midpoint of \$0.18 to \$0.41. A ~33x multiple is what a net-cash royalty compounder earns: free cash flow grows roughly 3x on about 1.6x revenue, and the multiple is supported by the physical-AI optionality. Cross-check: \$13.50 is about 10.3x FY29 sales on an \$8.0B market cap, a fair multiple for a high-80s gross-margin royalty business. It also coincides with a long-term technical level the stock has honored before.

Bear case. The turnaround holds, but royalty conversion is slow and the auto recovery is delayed: QNX royalty share reaches only 50%, EBITDA margin stalls near 25%, and the multiple compresses to 23x on slow growth. The floor is -30%, not the old turnaround-failure number. **Bull case.** Physical AI ramps with the NVIDIA-validated certification moat: royalty share climbs toward 72%, QNX gross margin nears 89%, adjusted EBITDA margin reaches 45%, and \$0.68 EPS at 30x gives \$20.50. The entire bull upgrade comes from earnings power, not multiple expansion.

Decision framework: the September 24 scorecard

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BlackBerry reports Q2 FY27 before market open on September 24, 2026. Grade the print against these thresholds. They come from company guidance and the Q1 FY27 baseline.

METRIC	PASS	STRONG	FAIL
Total revenue	At or above \$143M	Above \$148M (top of guide)	Below \$137M (bottom of guide)
QNX revenue	At or above \$75M	Above \$75M with backlog growth	Below \$70M
Secure Comms revenue	At or above \$60M	Above \$63M	Below \$57M
Adjusted EBITDA / EPS	\$25M / \$0.04	Above \$30M / above \$0.04	Below \$20M / below \$0.03
Operating cash flow	Positive	Above \$10M	Negative
FY27 guidance	Raised, especially QNX	Raised across segments	Any cut

If the print passes. A beat with a guidance raise confirms the turnaround narrative. The base case stays live. Price weakness on any broad-market selloff becomes the entry window.

If the print fails. A miss or a guidance cut breaks the growth-durability assumption the valuation rests on. Step aside and re-underwrite from the new numbers. Do not average down into a broken thesis.

Leadership: operators, not visionaries

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John Giamatteo, CEO since December 2023, came up through BlackBerry's cybersecurity division and previously spent six-plus years as president and chief revenue officer at McAfee, where he delivered double-digit growth across the Enterprise, SMB, and Consumer businesses plus margin expansion across the portfolio. Before that he was COO at AVG Technologies. He is an operator with a sales and cybersecurity background, not a founder with a grand vision.

The record under his tenure is two cycles deep. At BlackBerry he sold the loss-making Cylance unit, flipped the company from negative to positive cash flow, and delivered on his stated goal of profitability and positive cash flow. The earnings-call record shows a deliberate under-promise/over-deliver pattern: Q4 FY25 beat the top end of guidance in all three divisions, Q2 FY26 raised full-year guidance across all divisions, and Q1 FY27 posted 26% revenue growth with both core divisions at Rule of 40 and guidance raised again. Even after blowout quarters he warns analysts to expect "more normalized quarters": conservative guidance is the design, not an accident.

The honest assessment: leadership has moved from competent to proven, which is why the fundamental grade carries a full pass on leadership. The one caveat that remains: he has not yet led the company through a full auto downcycle.

The board is chaired by **Prem Watsa** of Fairfax Financial, BlackBerry's largest long-term backer, with directors including **John Chen's** successor-era independent voices and **Lisa Donohue** and **David Kerr** on the audit side. CFO **Tim Foote** is relatively new to the role.

What to watch after the print

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- **QNX design-win announcements.** Each new automaker platform win extends the royalty tail by seven to ten years. Watch for SDP 8 and Alloy Kore wins specifically.
- **Royalty backlog trend.** The \$950M backlog must keep growing. A shrinking backlog means design wins are not replacing conversions.
- **Secure Communications deal flow.** Large government contracts are the swing factor. Watch ARR: it must hold \$220M and then grow.
- **Operating cash flow.** The guide calls for about \$100M in FY27. Cash is the ultimate proof of a software turnaround.
- **Capital allocation.** With net cash and growing cash flow, the question becomes what management does with the money: buybacks, tuck-in acquisitions, or continued balance-sheet repair.
- **Insider and large-holder behavior.** Fairfax's stance matters. Any reduction by the largest backer would be a signal worth understanding.

Revisit trigger. This report expires on new information. Re-underwrite after the September 24 print, after Q3 FY27 results, or if the stock moves 25% in either direction from \$8.53.

Verdict

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A

Fundamental grade: profitable growth, certified moat, net cash, proven operator.

B+

Balance sheet: net cash of roughly \$226M, no near-term maturities.

B

Technical grade: uptrend intact, but extended 9.4% ahead of the print.

B

Valuation grade: 47x FY27 earnings prices in execution. No margin of safety.

The one-paragraph case

BlackBerry is a physical-AI company with a certified moat. QNX is the pre-certified safety layer that NVIDIA endorsed on its own keynote stage in September 2026, and the royalty backlog near \$950M keeps growing as robotics, medical, and industrial design wins stack on top of the automotive base. The September 24 print is a checkpoint on execution timing: QNX at or above \$75M with raised full-year guidance keeps the base case to \$13.50 by FY29 live. The valuation has no cushion, so patience before sizing remains the correct position.

Action. Wait for the September 24 print. Score it against the framework on page 16. Enter only on a confirmed pass with raised guidance. The thesis is physical AI; the print is the checkpoint. This is research, not investment advice.

Sources and methodology

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Method. This report uses only information available through September 23, 2026. Financial figures come from BlackBerry press releases and SEC filings. Market data comes from Finnhub daily candles through the September 21, 2026 session. Scenario targets are illustrative models, not forecasts: they multiply scenario EPS by scenario multiples.

CLAIM	SOURCE
Q1 FY27 results: \$152.9M revenue, QNX \$72.3M, Secure Comms \$73.6M	BlackBerry Q1 FY27 earnings release, June 25, 2026
FY26 results: \$549.1M revenue, \$107.1M adj. EBITDA, \$50.3M OCF	BlackBerry FY26 results release, April 9, 2026
FY25 results: \$534.9M revenue, \$84.2M adj. EBITDA	BlackBerry FY25 results release, April 2, 2025
Q2 FY27 guide ranges; FY27 guide: \$594-621M revenue	BlackBerry Q1 FY27 earnings release; Q2 preview coverage, Sept. 2026
Balance sheet: cash, investments, \$196.5M debt, \$479M goodwill	BlackBerry FY26 10-K; Q1 FY27 10-Q
275M vehicles; ~\$950M royalty backlog	BlackBerry FY26 results release
CEO background: McAfee, AVG; appointed December 2023	BlackBerry press release, December 11, 2023
Giamatteo at McAfee: President/CRO, 6+ years; double-digit growth across Enterprise, SMB, Consumer; margin expansion	BlackBerry press release appointing Giamatteo President of Cyber Security, September 2021
Q4 FY25 beat top end of guidance in all three divisions; stated goal of profitability and positive cash flow delivered	BlackBerry FY25 results release and earnings call transcript, April 2, 2025
Q2 FY26: raised full-year guidance across all divisions	BlackBerry Q2 FY26 earnings release, September 2025
Q1 FY27: 26% revenue growth, both core divisions at Rule of 40, raised full-year guidance	BlackBerry Q1 FY27 earnings release and call transcript, June 25, 2026
Price, volume, moving averages, returns	Finnhub daily candles, Sept. 2025 to Sept. 21, 2026
52-week range \$3.12-\$13.59; Sept. 22 close \$8.62	Finnhub; WallStreetZen quote page
QNX OS for Safety 8.0 integrated with NVIDIA IGX Thor and Halos Safety Stack for robotics, medical, industrial	QNX press release, Hannover Messe, April 20, 2026