QUARTERHILL INC.

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2025

MARCH 23, 2026

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General Matters

In this Annual Information Form ("**AIF**"), unless otherwise noted or the context otherwise indicates, the terms "**we**", "**us**", "**our**", "**the Company**" and "**Quarterhill**" refer to Quarterhill Inc. and our subsidiaries.

In this Annual Information Form, references to "**Common Shares**" refer to the common shares in the capital of Quarterhill Inc. and references to the "**Board**" refer to Quarterhill Inc.'s Board of Directors.

Unless otherwise specified, all information in this Annual Information Form is presented at December 31, 2025 and references to specific years are to our fiscal years ended December 31.

Unless otherwise indicated, all financial information in this Annual Information Form is reported in United States dollars.

Market data and industry forecasts used in this Annual Information Form were obtained from various publicly available sources. Although we believe these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

"Quarterhill", "Electronic Transaction Consultants", "ETC", "iCOMS Detections", "International Road Dynamics", "Sensor Line", "Red Fox" and "VDS" are some of our trade names and each of "International Road Dynamics", "IRD & Design" and "ETC & Design" is a registered trademark in the U.S. and/or Canada. This Annual Information Form also includes references to trade names and trademarks of other companies, which trade names and trademarks are the properties of their respective owners.

Forward-Looking and Other Statements

From time to time, we may make written or oral forward-looking statements or disclose forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. We may make forward-looking statements in this Annual Information Form, in other filings with Canadian securities regulators, in reports to shareholders and in other communications.

The forward-looking information contained in this Annual Information Form is presented to assist readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our acquisition strategy, financial performance objectives, vision and strategic goals, and may not be appropriate for any other purposes. Forward-looking statements are sometimes identified by words such as "anticipate", "believe", "estimate", "expect", "foresee", "forecast", "goal", "intend", "plan", "project" and variations of such words and similar expressions together with future or conditional verbs such as "will", "may", "could", "should" or "would". In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any assumptions underlying those statements or information, are all forward-looking. Forward-looking statements in this Annual Information Form include, without limitation, statements relating to: our acquisition strategy, financial performance objectives, vision and strategic goals and the outlook and priorities for our businesses; expectations of growth, trends and trajectory of the ITS Industry; expectations around ITS Industry initiatives and our business; size expectations for the ITS industry; the Company's plans to grow and expand its business, and to improve financial position; acquisition plans and opportunities; operational and financial impacts of the reduction in workforce; and statements regarding the use and impact of AI.

The forward-looking statements in this Annual Information Form are based on management's perception of historic trends, current conditions and expected future developments, as well as other assumptions that management believes may be appropriate in the circumstances. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks, uncertainties and other factors, including those which may arise in the future and all of which give rise to the possibility that our predictions, forecasts, projections, expectations and/or conclusions may not prove to be accurate, that our assumptions may not be correct and/or that our financial performance objectives, vision and/or strategic goals will not be achieved. Material factors and assumptions used to develop the forward-looking statements contained in this annual information form include, among others: Quarterhill's ability to attract talent and execute on its business plan; demand for Quarterhill's products and services; operating assumptions; and financial projections and cost estimates. We caution readers not to place undue reliance on these forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations contained in those statements. These risk factors, many of which are beyond our control and effects of which can be difficult to predict, include the factors more fully described under the heading "Risk Factors" in this AIF.

We also caution that the list of risk factors is not exhaustive and other factors could also adversely affect our results. Readers should carefully consider the risk factors referenced herein and other uncertainties and potential events. Except as required by applicable law, we do not undertake to update any forward-looking statement, whether written or oral, that we may make from time to time or that may be made on our behalf.

Glossary of Certain Terms

In addition to the terms defined in the body of this Annual Information Form, the following terms used in this Annual Information Form have the meanings set forth below unless otherwise specified.

"**AVDC**" means Automatic Vehicle Detection and Classification.

"**Amalgamated Subsidiaries**" means the CBCA corporations 8540098 Canada Inc., 8568545 Canada Inc., 8631654 Canada Inc., Maple Vision Technologies Inc., Quarterhill Inc. (prior to June 1, 2017), Treehouse Avatar Technologies Inc. and Wi-LAN Canada Inc.

"**Amendment**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – Significant Developments in 2023*".

"**Amendment Date**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – Significant Developments in 2023*".

"**Board**" means the board of directors of Quarterhill, as it is constituted from time to time.

"**CBCA**" means the *Canada Business Corporations Act*.

"**Conversion Price**" has the meaning ascribed thereto in "*Capital Structure – Convertible Debentures*".

"**Covenant Relief Period**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – Significant Developments in 2023*".

"**Current Market Price**" has the meaning ascribed thereto in "*Capital Structure – Convertible Debentures*".

"**DGCL**" means the General Corporation Law of the State of Delaware.

"**ETC**" means Electronic Transaction Consultants, LLC, an indirect subsidiary of Quarterhill existing under the Limited Liability Company Act of the State of Delaware.

"**HCTRA**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – Significant Developments in 2025*".

"**Indenture**" has the meaning ascribed thereto in "*General Development of the Business – Risk Factors*".

"**Information Security Matters**" has the meaning ascribed thereto in "*Audit Committee Information*".

"**IRD**" means International Road Dynamics Inc., an indirect subsidiary of Quarterhill and corporation existing under the CBCA.

"**IRD Europe**" means International Road Dynamics Europe GmbH, an indirect subsidiary of Quarterhill and corporation existing under the laws of the Federal Republic of Germany.

"**ITS Credit Agreement**" has the meaning ascribed thereto in "*General Development of the Business – Risk Factors*".

"**ITS Credit Facilities**" has the meaning ascribed thereto in "*General Development of the Business – Risk Factors*".

"**ITS Industry**" has the meaning ascribed thereto in "*General Development of the Business – Overview*".

"**Lenders**" has the meaning ascribed thereto in "*General Development of the Business – Risk Factors*".

"**Maturity Date**" has the meaning ascribed thereto in "*Capital Structure – Convertible Debentures*".

"**Old WiLAN**" means the CBCA corporation Wi-LAN Inc. as it was prior to June 1, 2017 before its amalgamation with the Amalgamated Subsidiaries.

"**Plan**" has the meaning ascribed thereto in "*Market for Securities – Prior Sales*".

"**Quarterhill ITS**" means Quarterhill ITS Inc., a direct subsidiary of Quarterhill and corporation existing under the CBCA.

"**Quarterhill USA**" means Quarterhill USA, Inc., an indirect subsidiary of Quarterhill and corporation existing under the DGCL.

"**Red Fox**" means Red Fox I.D. Limited, a direct subsidiary of Quarterhill, existing under the laws of England and Wales.

"**Sensor Line**" means Sensor Line - Gesellschaft für Optoelektronische Sensoren mbH, an indirect subsidiary of Quarterhill.

"**TSX**" means the Toronto Stock Exchange.

"**VDS**" means VDS Verkehrstechnik GmbH, an indirect subsidiary of Quarterhill.

"**WiLAN**" means the CBCA corporation Wi-LAN Inc. existing on and following June 1, 2017 that was, prior to June 1, 2017, named 8540578 Canada Inc, and a predecessor corporation of WiLAN Amalco.

"**WiLAN Amalco**" means the CBCA corporation Wi-LAN Inc., existing on and following June 15, 2023 pursuant to the amalgamation of WiLAN with 15081335 Canada Inc.

1. Corporate Structure

Quarterhill Inc. was formed under the CBCA on June 1, 2017 by the amalgamation of Old WiLAN with the Amalgamated Subsidiaries. Prior to June 1, 2017, each of the Amalgamated Subsidiaries was a wholly-owned subsidiary of Old WiLAN. On April 27, 2022, Quarterhill amended its articles to permit the Board to call and hold meetings of its shareholders in Canada or in any state in the United States in which Quarterhill or any of its subsidiaries has a physical office, which amendment was approved by Quarterhill's shareholders on April 21, 2022.

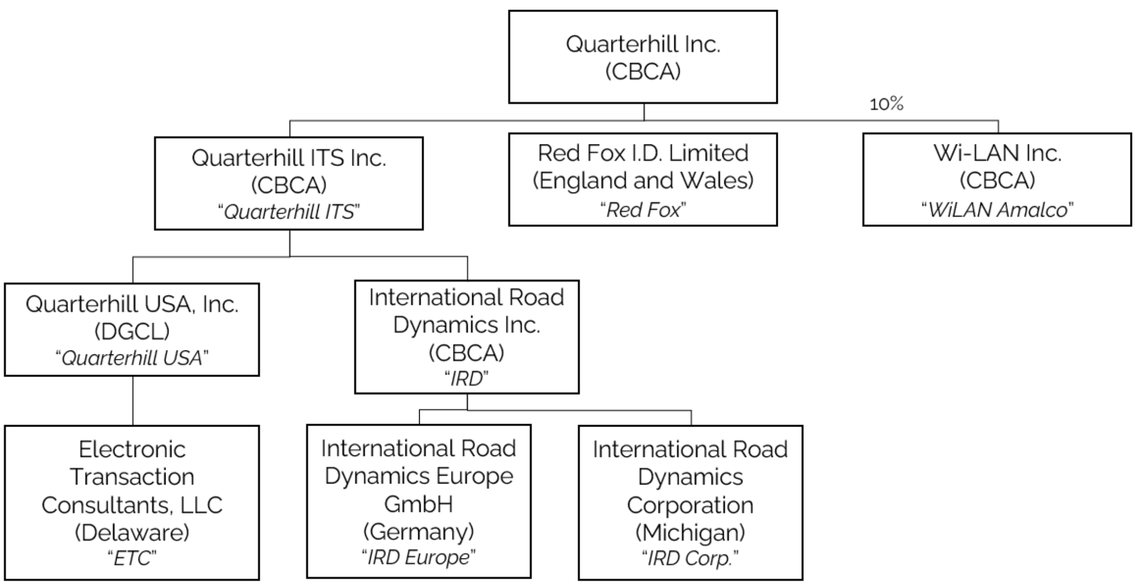
Old WiLAN was originally incorporated under the *Business Corporations Act* (Alberta) as 529144 Alberta Ltd. on May 14, 1992 and amended its articles to change its name to "Wi-LAN Inc." on November 9, 1992. Old WiLAN also amended its articles: on October 3, 1994 to remove the prohibition on inviting the public to subscribe for its securities; on October 20, 1995 to reorganize its share capital; and on March 24, 1998 to remove its remaining private company restrictions and to further reorganize its share capital. Old WiLAN was continued as a corporation under the CBCA on August 2, 2007 and was amalgamated with Wi-LAN V-Chip Corp., Wi-LAN Technologies Corporation and 7248091 Canada Inc. under the CBCA on October 1, 2009.

Our head and registered office is located at 200 Bay Street, North Tower, Suite 1200, Toronto, Ontario M5J 2J2.

We maintain a website at www.quarterhill.com to provide general and marketing information to our existing and potential shareholders and customers. None of the information on our websites is or should be considered part of, or incorporated by reference into, this Annual Information Form.

2. Intercorporate Relationships

Quarterhill has the following significant subsidiaries. With the exception of WiLAN Amalco, as discussed below, each of these subsidiaries is directly or indirectly wholly-owned and controlled by Quarterhill.



- ETC, existing under the *Limited Liability Company Act* of the State of Delaware and a direct subsidiary of Quarterhill USA;
- IRD, incorporated under the CBCA and a direct subsidiary of Quarterhill ITS;
- IRD Corp., incorporated under the laws of the state of Michigan and a direct subsidiary of IRD;
- IRD Europe, incorporated under the laws of the Federal Republic of Germany and a direct subsidiary of IRD;
- Quarterhill ITS, incorporated under the CBCA and a direct subsidiary of Quarterhill;
- Quarterhill USA, incorporated under the DGCL and a direct subsidiary of Quarterhill ITS;
- Red Fox, incorporated under the laws of England and Wales and a direct subsidiary of Quarterhill; and
- WiLAN Amalco, amalgamated under the CBCA.

Quarterhill holds 100 Class B Common shares in the capital of WiLAN Amalco, representing a 10% stake in the equity ownership of WiLAN Amalco, without any voting rights except as otherwise required by the CBCA.

3. General Development of the Business

Overview

Quarterhill is a growth-oriented Canadian company listed on the TSX (TSX: QTRH and QTRH.DB) and the OTCQX Best Market (OTCQX: QTRHF), operating in the intelligent transportation systems industry. Quarterhill's objective is to be a global leader in the rapidly growing intelligent transportation systems industry (the "**ITS Industry**") by organically expanding its existing tolling, safety and enforcement, and multi-modal transportation business while also pursuing acquisitions in the ITS Industry that provide a strong foundation for growth. To gain efficiencies and solidify our platform for future growth, Quarterhill launched an integration program in 2022 across our ITS Industry operating subsidiaries to create a shared services organization providing centralized finance, information technology, legal, and human resources support. In 2024, Quarterhill introduced unified branding under the 'Quarterhill' banner across all products and solutions offered by our subsidiaries.

Quarterhill advances mobility through smart infrastructure solutions that reduce congestion, improve roadway safety, and support more sustainable travel. Each year, its platforms process billions of transactions, conduct compliance and safety inspections on millions of commercial vehicles, and enable transportation agencies around the world to optimize thousands of traffic lanes to improve the travel experience. By leveraging artificial intelligence and machine learning, Quarterhill delivers automation and predictive insight that help agencies manage transportation networks more efficiently. Working in close partnership with governments, communities, and industry leaders, Quarterhill is helping build today's connected roadways while shaping the next generation of intelligent, resilient mobility.

Intelligent Transportation Systems

The ITS Industry is a developing, multi-disciplinary technology area growing alongside, among other things, existing analog and digital technologies, population growth, burgeoning public and private vehicle ownership, environmental and economic concerns, national security interests, and the availability and connectedness of fixed, mobile, and handheld equipment and networks.

An "intelligent transportation system" is a combination of information and communication technologies applied in transportation networks and infrastructure to facilitate vehicle-to-vehicle and vehicle-to-infrastructure communication and the collection and transfer of information. Intelligent transportation systems can enhance safety, traffic management, and environmental performance of roadways, railways, aviation, and maritime transportation. The ITS Industry benefits different modes of transportation, including roadways, railways, aviation, and maritime, aiming to improve safety, mobility, and efficiency across these transportation networks. The ITS Industry comprises companies that offer a range of intelligent transportation system products, solutions, and services. Many of these companies both collaborate and compete.

In any jurisdiction, enabling safe, efficient population mobility while minimizing negative environmental impact is a key priority. Quarterhill management believes there is over a trillion-dollar gap between infrastructure funding and infrastructure needs in the United States alone, and that intelligent transportation systems can provide and are providing a growing source of revenues for governments at all levels to help bridge that gap through both traditional tolling and emerging user-funded infrastructure programs. Providing residents with intelligent transportation systems can also save time, help make economic progress, and make cities more efficient. Intelligent transportation systems aim to reduce traffic congestion and greenhouse gas emissions, increase safety, reduce travel time, and improve the travel experience.

Based on market research, Quarterhill management believes the global ITS Industry market is expected to grow from more than $50.7 billion in 2024 to exceed $70 billion by 2029, at a compound annual growth rate of 6.9% between 2024 to 2029[1]. Factors such as infrastructure stimulus spending, increasing concern for public safety, traffic congestion problems, strategic initiatives taken by governments for effective traffic management, increasing concerns about protecting the environment and the development of smart cities across the world appear to be the current major driving forces for the ITS Industry.

Quarterhill Tolling has been a leading provider of tolling and mobility systems for more than 20 years, supporting some of the largest tolling authorities in the United States, including agencies in California, Georgia, Illinois, and Texas. Its flexible tolling software platform allows authorities to tailor operations to their specific needs, with capabilities such as All Electronic Tolling, dynamic pricing, agency interoperability, hosted mobility solutions, and machine learning.

Today, Quarterhill's platform processes more than two billion transactions each year, representing over $2.5 billion in toll billings across more than 1,100 toll lanes nationwide. The platform's back-office, reporting, and interoperability capabilities are

[1] "Intelligent Transportation System Market – Global Forecast to 2029", MarketsandMarkets, July 2024, p.46.

complemented by widely deployed lane-embedded sensors and toll audit systems, providing an integrated foundation for modern toll operations.

Quarterhill's Safety and Enforcement business is focused on making highways and cities safer, greener, and more efficient. For more than 40 years, Quarterhill has been recognized globally as a trusted partner, providing sales, service, and installation support for major ITS projects. The Company helps advance smarter cities by enabling engineering and urban planning professionals to access reliable, actionable traffic data.

Quarterhill delivers an integrated portfolio of hardware and software solutions designed to detect, measure, and analyze a broad range of transportation metrics. Its product offerings include automated systems supporting commercial vehicle operations at truck weigh stations and border crossings, highway traffic data collection, smart city applications, and toll-by-weight collection systems worldwide. Customers include government transportation agencies, traffic engineering consultants and operators, city and municipal agencies, concessionaires, as well as industrial, mining, and transportation companies.

Quarterhill is a recognized provider of Automatic Vehicle Detection and Classification (AVDC) software for the tolling industry. AVDC enables the accurate detection, classification, and tracking of vehicles as they enter and exit tolling facilities.

Acquisition Strategy

We are focusing our business on building a consistently profitable company through acquisition, management and growth of companies in the ITS Industry and its adjacent markets. Quarterhill targets acquisition opportunities that have reasonable valuations, recurring revenues, predictable cashflows and gross profit, industry leading technologies, intimate customer relationships and/or dedicated management teams, among other considerations. In appropriate circumstances, we may also divest certain assets if favourable conditions for such a divestiture are presented.

Three Year History

Significant Developments to date in 2026 (from January 1, 2026 through March 22, 2026)

On March 5, 2026, Quarterhill announced that it had been awarded a contract valued at $6.4 million, through Coviello Electric, Inc., to support the expansion of the Massachusetts Department of Transportation weigh-in-motion infrastructure program.

On February 4, 2026, Quarterhill announced a three-year contract extension with the Illinois Tollway, valued at $10.7 million and running from January 31, 2026 through January 30, 2029.

On January 1, 2026, Mr. Burland East was appointed to the Board of Directors.

Significant Developments in 2025

On December 16, 2025, Quarterhill announced a series of new and follow-on international contracts in Kuwait, Cambodia, Thailand and South Korea.

On November 19, 2025, Quarterhill announced a $5.2 million contract to deploy its Next Generation Toll Lane System on a major U.S. express lane corridor.

On October 14, 2025, Quarterhill, with the Washington State Department of Transportation, announced the deployment of a new $2.3 million safety-focused truck parking information management system designed to help truck drivers quickly locate available parking at rest areas along the Interstate 5.

On October 9, 2025, Quarterhill, together with the Arkansas Department of Transportation and the Arkansas Highway Police, announced the launch of a $2.7 million project to modernize freight operations on two of the state's most critical freight corridors.

On September 2, 2025, Quarterhill announced the successful resolution of a previously disclosed contract renegotiation with one of the Company's tolling customers. The resolution, reached through constructive mediation, reflects the shared commitment of both Quarterhill and its customer to fostering a strong, long-term partnership. Together, the parties chose to reset the relationship on positive new terms, laying the foundation for a healthier, more collaborative, and mutually beneficial future. The resolution included a one-time payment to Quarterhill in Q3 2025 to address historical cost-recovery matters. In addition, the agreement secured improved payment terms, enhanced performance standards, and a structure that raises annual revenue while simultaneously reducing costs associated with the previous contract. Importantly, the new terms also provided a termination-forconvenience provision covering a three-year operations and maintenance period, with financial incentives that support stronger margins and reward exceptional performance.

On August 5, 2025, Quarterhill announced new international contracts in Djibouti, Thailand, and South Korea, expanding the Company's footprint in East Africa.

On July 24, 2025, Quarterhill announced a workforce reduction of approximately 100 positions, representing approximately 15% of total headcount. The reduction, affecting both contract and full-time roles in roughly equal measure, was expected, as at such date, to generate annualized cost savings of approximately USD$12 million.

On July 15, 2025, Quarterhill announced the transition of approximately one million TxTag user accounts to the Harris County Toll Road Authority ("**HCTRA**") back office system which received system acceptance as of March 14, 2025. Quarterhill has been a critical technology partner to HCTRA since 2002 and upgraded the authority's back office to a state-of-the-art system in 2017. By moving its user account management to HCTRA, TxDOT will improve efficiency by consolidating customer service and support.

On June 17, 2025, Quarterhill filed a preliminary base shelf prospectus with securities commissions in each of the provinces and territories of Canada, except Quebec. The base shelf prospectus, when made final and effective, will allow the Company to qualify the distribution by way of prospectus in Canada of up to C$200 million of common shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, during the 25-month period that the base shelf prospectus is effective. The specific terms of any offering under the base shelf prospectus will be established in a prospectus supplement, which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering. The final base shelf prospectus was made final and effective July 18, 2025.

Effective June 17, 2025, Mr. David Charron was appointed as Chief Financial Officer, replacing Mr. Morgan Demkey who returned to his full-time role as Vice President of Operations for the Safety & Enforcement unit.

On May 13, 2025, Quarterhill announced the successful completion and full system acceptance of the US 290 toll road project for the Central Texas Regional Mobility Authority.

On May 12, 2025 at Quarterhill's annual general and special meeting of the shareholders, Ms. Asha Daniere and Mr. Stephen A. Smith were elected to join the Board. Mr. Pasquale T. (Pat) Deon, Sr., Mr. Rusty Lewis, Mr. Chuck Myers and Ms. Robin Saunders were re-elected to the Board. Each of Ms. Roxanne Anderson, Mr. William Morris, Ms. Pamela Steer and Ms. Anna Tosto did not stand for re-election and ceased to be members of the Board.

On February 19, 2025, Ms. Robin Saunders was appointed to the Board of Directors.

On January 10, 2025, Quarterhill announced a contract to provide weigh-in-motion technology to Brussels Mobility through a joint project with Belgium-based technology integrator, Jacops NV.

On January 8, 2025, Quarterhill announced its Chief Financial Officer, Mr. Kyle Chriest, would be leaving Quarterhill effective January 31, 2025. Mr. Morgan Demkey, VP Operations, was appointed Interim CFO while Quarterhill conducts its CFO search.

On January 6, 2025, Quarterhill announced a contract award valued at $40 million to upgrade the Alameda County Transportation Commission I-580 Express Lanes, to be implemented over a period of 17 months and includes seven years of operations and maintenance. The contract provides Alameda County Transportation Commission with the option to procure up to four additional years of operations and maintenance at an additional cost of $15 million.

Significant Developments in 2024

On December 31, 2024, Mr. Pasquale T. (Pat) Deon, Sr. was appointed to the Board of Directors.

On November 27, 2024, Quarterhill announced it was awarded two contracts valued at $3.4 million for system upgrades and maintenance at Commercial Vehicle Enforcement stations operated by the Idaho State Police.

On November 8, 2024, Quarterhill announced that subsequent to quarter-end, it signed a share-purchase agreement to sell its 50% interest in the Chinese joint venture, Xuzhou-PAT Control Technologies Limited for gross proceeds of approximately $4.9 million.

On October 4, 2024, Quarterhill announced the formation of a new technical advisory committee. Mr. Bobby Parikh would act as special advisor to the CEO and as a member of the technical advisory committee, together with Mr. Vineet Khosla.

On September 18, 2024, Quarterhill announced that it had been awarded two contracts valued at $5.8 million for the supply of advanced Commercial Vehicle Enforcement technology for weigh stations operated by the North Carolina Department of Public Safety State Patrol.

On September 4, 2024, Quarterhill announced the award of a contract for the supply of iTHEIA™ AI Video Automatic Traffic Recorders for Minnesota DOT.

On July 24, 2024, Quarterhill announced the award of a $1.2 million contract to provide maintenance, training and emergency repair services for the South Dakota Department of Transportation through December 2026.

On July 17, 2024, Quarterhill announced a total of $4.9 million in transportation technology product sales to its regional partners in Thailand and South Korea.

On June 13, 2024, wholly-owned indirect subsidiary of Quarterhill, VDS, was awarded a homologation certificate by the Physikalisch-Technische Bundesanstalt Nationales Metrologieinstitut, Germany's renowned national metrological institute, and a certificate renewal by Bundesamt für Eich- und Vermessungswesen, Austria's Federal Office of Metrology and Surveying. These certifications will pave the way for German and Austrian sales of VDS' M5 Speed enforcement camera, which was certified against strict and comprehensive standards for speed measurement and speed enforcement.

On June 6, 2024, Quarterhill announced that it had been awarded two contracts valued at $1.5 million for the supply and maintenance of the iTHEIA™ AI Video Automatic Traffic Recorders in the western and eastern regions of North Dakota.

On May 13, 2024, Quarterhill announced that effective with the release of its results for the three months ended March 31, 2024, the Company changed the presentation currency of its financial statements to US dollars, its functional currency. A significant proportion of the Company's sales, expenses, assets, and liabilities are denominated in US dollars. This change in presentation currency aims to enhance external stakeholders' ability to assess Quarterhill's financial performance and to reduce the impact of foreign exchange volatility.

On May 6, 2024, Quarterhill announced that its wholly-owned subsidiary, Red Fox, was recognized twice by the King's Awards for Enterprise, one of the UK's most prestigious business awards.

On May 5, 2024, Quarterhill announced its participation as a sponsor at the International Bridge, Tunnel and Turnpike Association Technology Summit, where it would be highlighting the integration of ETC and Red Fox under the Quarterhill unified brand.

On April 17, 2024, Quarterhill announced that it would attend and exhibit at Intertraffic Amsterdam, a leading global exhibition in the field of critical transportation infrastructure. Quarterhill further announced that it would be exhibiting for the first time under one unified brand, bringing together the entire portfolio of subsidiaries under the Quarterhill name, and was launching a new website, www.quarterhill.com, designed to simplify the user experience to enable customers all around the world to find the products, services and solutions they need quickly and intuitively.

On March 15, 2024, Quarterhill announced that Mr. Kyle Christ was appointed as Quarterhill's permanent Chief Financial Officer. In addition, Quarterhill announced that it had entered into a definitive agreement to acquire all of the issued and outstanding shares of Red Fox I.D. Limited ("**Red Fox**") for a purchase price of up to $10.2 million through a combination of cash and equity. Based in Haddenham, England, Red Fox provides Automatic Vehicle Detection and Classification software to the tolling industry. We announced closing of the acquisition of Red Fox on April 8, 2024.

On March 12, 2024, we announced that Quarterhill will participate in one-on-one investor meetings at the 36th annual ROTH Conference in Dana Point, California.

On March 7, 2024, Quarterhill announced that IRD had been awarded a Can$5.3 million contract by the Tennessee Department of Transportation to install weigh-in-motion systems at 28 sites on interstate and state routes across Tennessee.

Significant Developments in 2023

On December 28, 2023, IRD disposed of its net investment in PAT Traffic Ltda., a foreign subsidiary that operated in Latin America.

On December 14, 2023, we announced that ETC had launched operations of the E-ZPass Interoperability Hub, with all E-ZPass members now utilizing the new hub.

On November 6, 2023, IRD announced that it was awarded a three-year Can$4.1 million contract by the North Carolina Department of Transportation to maintain, service, repair and calibrate the commercial vehicle enforcement technology located at 18 permanent and virtual truck weigh stations throughout the statement. This new contract consolidates and expands the maintenance activities for all active systems in North Carolina into a single state-wide maintenance agreement.

On October 25, 2023, IRD announced that it was awarded a Can$2.8 million contract by the California Department of Transportation covering the supply of a high-speed weigh-in-motion pre-clearance system and a sophisticated Ramp E-screening system at the Cajon weigh station.

On October 11, 2023, we announced that ETC had launched its new toll collection system with the Central Texas Regional Mobility Authority (CTRMA) along a four-mile segment on State Highway 71 in Austin, Texas. This project is the first of six CTRMA existing toll facilities that will see ETC's state-of-the-art toll collection system deployed in the Austin area.

On September 13, 2023, IRD announced that it had been awarded a contract by the State of Hawaii Department of Transportation (HDOT) for continuous traffic monitoring (CTM) and data collection goods and services statewide. The total five-year contract was valued at Can$13.7 million, and involves the operation, data collection, data reporting, maintenance and repair of all existing HDOT CTM sites, along with additional equipment installation. At the time of the announcement there were 91 CTM sites in operation, with additional site locations to be added during the term of the project.

On September 7, 2023, we announced that the transfer of the Louisville-Southern Indiana Ohio River Bridges – RiverLink Project (RiverLink) back office toll operations to ETC was completed, with ETC assuming management of the RiverLink customer service centers and back office system as of September 1, 2023. The RiverLink toll system consists of three bridges that span the Ohio River, connecting Louisville, Kentucky and Southern Indiana. ETC partnered with WSP USA Services Inc. on the project, with ETC providing the back office system and WSP USA Services Inc. managing contact center interactions for RiverLink customers.

On September 5, 2023, we announced that Chuck Myers had been appointed Quarterhill's Chief Executive Officer marking the completion of the CEO search committee that was formed in March 2023 following Bret Kidd stepping down as President & Chief Executive Officer and John Gillberry assuming the role of Interim Chief Executive Officer. Mr. Myers had been a member of the Board since May 2023.

On August 9, 2023, we announced that Dr. Michel Fattouche had retired from the Board, and William (Bill) Morris had been appointed to the Board. Notwithstanding his retirement, Dr. Fattouche maintained board observer status until our annual and special meeting of shareholders held on May 13, 2024, and was to serve as our observer on the WiLAN Amalco board of directors.

On June 29, 2023, we announced that further to our press release dated June 15, 2023, and effective as of June 27, 2023 (the "**Amendment Date**"), that Quarterhill ITS had completed an amendment (the "**Amendment**") to the ITS Credit Agreement and related ITS Credit Facilities with the Lenders (as such terms are defined below, respectively). Under the terms of the Amendment, Quarterhill ITS was granted a covenant relief period for all reporting periods through March 31, 2024 (the "**Covenant Relief Period**") in connection with Quarterhill ITS previously being in breach of the senior leverage coverage ratio and fixed charge covenant ratio set out in the ITS Credit Agreement, among other terms customary for a transaction of this nature. During the Covenant Relief Period, the fixed charge covenant ratio can be satisfied through support from Quarterhill Inc. to Quarterhill ITS. The Amendment also included a reduction in the revolving credit facility provided for under the ITS Credit Agreement from $15 million to $5 million, and a renegotiation of the repayment of principal on the term credit facility to 2.5% as of the Amendment Date per quarter up to the maturity date of September 1, 2026, upon which the remaining balance is due.

On June 27, 2023, IRD announced that it had been awarded a contract to supply 15 tire anomaly classification systems (TACS) for the Minnesota Department of Transportation. The financial terms of the contract were kept confidential.

On June 22, 2023, IRD announced it had been awarded a Can$7.6 million contract to upgrade three of its legacy weigh-in-motion systems with the District of Columbia's Department of Transportation.

On June 15, 2023, we announced that we had completed the sale of 100% shares of WiLAN to an arm's length purchaser for gross proceeds of up to approximately Can$71.4 million, subject to adjustments. The consideration payable in connection with the transaction consists of approximately Can$48 million in cash, approximately Can$8 million as an earnout, and approximately Can$15.4 million pursuant to an unsecured promissory note, which earnout and promissory note are payable on WiLAN Amalco achieving certain revenue milestones. In addition, we also received a 10%, non-voting equity stake in WiLAN Amalco, which equity stake can be repurchased by WiLAN Amalco for between approximately Can$13 million and Can$16 million, subject to WiLAN Amalco meeting certain revenue milestones. The remaining 90% equity stake in WiLAN Amalco is held by Owlpoint IP Opportunities JVF LP, a joint venture between Arena Investors, LP and Owlpoint Capital Management, LLC. The sale of the shares in WiLAN marked the conclusion of WiLAN's strategic review process that began at the beginning of 2022, and enabled Quarterhill to focus on its business in the ITS Industry, which Quarterhill began pivoting towards in 2017. We were advised by Stout Capital, LLC as our financial advisor through the WiLAN strategic review process.

On May 24, 2023, we announced that John Karnes would be departing Quarterhill as Chief Financial Officer, and Kyle Chriest was appointed Interim Chief Financial Officer, effective immediately.

On May 10, 2023, we announced that Charles (Chuck) Myers had been appointed to the Board, effective May 9, 2023.

On May 10, 2023, we also announced that we would be adjusting our capital allocation strategy, including a determination that Quarterhill would no longer be paying a quarterly dividend in order to provide us with the financial flexibility to support the growth of the ITS Industry business. Given that the quarterly dividend was largely a legacy feature of the intellectual property licensing business, and dividends are not common among publicly traded companies in the ITS Industry, the cessation of the dividend aligned with our objectives, which tend to follow a more traditional growth-oriented model that requires ongoing investment in areas such as research and development and other organic and non-organic growth initiatives.

On April 12, 2023, IRD announced that it had been awarded a contract for three virtual weigh-in-motion systems for the Indiana Department of Transportation, valued at Can$1.9 million. In connection with the contract, IRD will supply and supervise the installation of the virtual weigh-in-motion systems on newly paved sections of I-69 and I-465.

On April 6, 2023, we announced that Rusty Lewis had been appointed Lead Independent Director of the Board, effective April 3, 2023.

On April 4, 2023, we announced that ETC played a major role through its contract to develop the Central United States Interoperability (CUSIOP) hub, which facilitates the exchange of transactions between interoperable toll agencies. The CUSIOP hub acts as a clearinghouse for toll transactions, providing customers the ability to pay for travel across all participating roads. Using ETC's cloud-based solution, the successful implementation of comprehensive business rules and technology provides for the exchange and reconciliation of financial transactions between agencies. In addition to the CUSIOP hub, in April 2022, ETC was awarded a contract to develop the Inter Agency Group E-ZPass hub, which includes 38 member agencies across 19 states, collecting over Can$5.2 billion transferred between interoperable agencies.

On March 31, 2023, IRD announced that it had been awarded two contracts for approximately Can$2.4 million for virtual weigh-in-motion systems for the Illinois State Toll Highway Authority. Once complete, these sites will expand IRD's footprint of virtual weigh-in-motion systems on the Illinois Tollway from two to five.

On March 22, 2023, we announced that the Board had declared an eligible quarterly dividend of Can$0.0125 per Common Share, payable on April 11, 2023 to shareholders of record as of the close of business on March 31, 2023.

On March 20, 2023, Quarterhill announced that Bret Kidd was immediately stepping down as our President & Chief Executive Officer and a member of the Board and that John Gillberry, Chair of the Board, had been named Quarterhill's Interim Chief Executive Officer. We also announced that the Board had formed a CEO search committee to conduct a search to select our next CEO and would be engaging an executive recruiting firm to assist with this process.

Significant Acquisitions

Quarterhill did not complete any significant acquisitions during the financial year ended December 31, 2025 for which disclosure is required under Part 8 of NI 51-102.

4. <u>Description of the Business</u>

General

In 2017, Quarterhill began a transition to diversify its business from Old WiLAN's patent monetization business (continued by WiLAN) towards acquiring established technology companies to operate alongside the WiLAN patent monetization business. To this end, in 2017, we transferred and assigned Old WiLAN's patent monetization assets to WiLAN and acquired IRD.

On June 15, 2023, Quarterhill completed a sale of the shares of WiLAN to an arm's length purchaser and received a 10%, non-voting equity stake in WiLAN Amalco that can be repurchased by WiLAN Amalco for an amount between approximately Can$13 million and Can$16 million, subject to WiLAN Amalco meeting certain revenue milestones.

In 2021, we acquired Sensor Line, VDS and ETC, and announced that we were accelerating our transition to a growth-oriented business focusing on the ITS Industry. Sensor Line and VDS are wholly-owned subsidiaries of IRD Europe.

In 2024, we acquired Red Fox. Red Fox provides AVDC software to the tolling industry, which is responsible for the detection, classification and tracking of a vehicle as it enters and exits a tolling facility. AVDC is at the front end of any tolling transaction where accuracy and flexibility are essential.

We continue to seek opportunities to grow our presence in the ITS Industry by looking to acquire companies in the areas of road transportation (including infrastructure, vehicles and users) and traffic and mobility management as well as interfaces with or for other modes of transportation.

General information about ETC and IRD and their respective businesses is set out under the heading "*3. General Development of the Business - Intelligent Transportation Systems*" earlier in this Annual Information Form.

Strategy

We are focusing our business on building a consistently profitable company through the acquisition, management and growth of companies in the ITS Industry and its adjacent markets, with an emphasis on seeking acquisition opportunities that provide a foundation for growth and that have reasonable valuations, recurring revenues, predictable cashflows and gross profit, intimate customer relationships and dedicated management teams among other considerations.

We believe that, as we increase the share of our revenue derived from recurring sources, we will continue to increase our revenue and cash flows in a consistent manner which we hope will allow us to better scale our operations and grow both organically and through additional acquisitions. In appropriate circumstances, we may also divest certain assets if favourable conditions for such a divestiture are presented.

Our current existing businesses are described in more detail throughout this Annual Information Form.

Products and Services

ETC provides smart mobility solutions, including intelligent transportation systems, electronic tolling and congestion management (back-office solutions, and roadside solutions) and related operations and maintenance services to customers such as U.S. governmental toll authorities and to principal contractors to U.S. governmental authorities. Through ETC's rite® solutions' product suite called riteSuite™, ETC offers its customers mobility solutions, such as all-electronic tolling (AET), dynamic pricing, agency interoperability, hosted mobility solutions and machine learning. ETC's back-office solutions provide account management, customer service, violation processing and technical services operations. ETC's roadside solutions provide both onsite and remote maintenance and field operations services, including tolling facility support, lane equipment control and cash management.

Red Fox provides AVDC software to the tolling industry. Red Fox's Quantum software platform boasts detection accuracy of up to 99.96% and its ability to process captured data from both LiDAR and "in pavement" inductive loops, makes it unique in the market and at the forefront of advanced AVDC solutions.

IRD's products and services to governments, principal contractors to governments and to other parties worldwide include automated truck weigh stations, toll road systems and equipment, red light and speed enforcement systems, traffic management and safety systems, the VectorSense® tire sensor suite and related Vehicle Information-In-Motion™ traffic intelligence system, integrated traffic control systems, permanent Weigh-In-Motion systems, portable slow speed Weigh-In-Motion systems, portable wheel load scales, traffic data collection, vehicle and axle detection equipment, and automated vehicle identification services and equipment among other hardware and software products and offerings.

Production and Distribution

ETC employs a staff of dedicated direct business development and marketing professionals who proactively engage current and potential customers for new business as well as follow on business. ETC responds to competitive requests for proposals as well as single-source non-competitive opportunities. ETC provides solutions, software and services. ETC does not manufacture any hardware.

IRD relies on direct salespeople as well as distributors and agents for sales and marketing to its customers and to sell both directly to end users and through other contractors and systems integrators. IRD's production facility in Saskatoon, Saskatchewan is certified to the ISO 9001:2015 standard and maintains a rigorous quality program in the design, manufacture and testing of all its products. These products are delivered and installed through the collaboration of project managers and field workers around the world.

Revenues

Our revenues primarily come from our operating subsidiaries' sales of their services and products. For the year ended December 31, 2025, we operated a single business segment (excluding discontinued operations) providing intelligent transportation systems, and we review our operating results, assess our performance, and make decisions about resources for this single business segment as a whole. During the year ended December 31, 2025 revenues were $155 million compared to $153 million in the prior year. All of our intelligent transportation systems revenues are derived from the operations of ETC, IRD and Red Fox.

Research and Development

ETC maintains an active research and development program focused on advancing the performance, functionality, and reliability of its existing solutions and software offerings, while also supporting the development of new solutions and software. ETC uses a combination of internal personnel and contracted resources to support these efforts, with the goal of strengthening its position and expanding its market share in the smart mobility sector.

IRD maintains an active research and development program focused on advancing the functionality, quality, and reliability of its existing products and systems, while also supporting the development of new products and systems. IRD uses a combination of internal personnel and contracted resources to support these efforts, aiming to strengthen its position and expand its market share in the global intelligent transportation systems market.

Specialized Skill and Knowledge

We employ personnel with specialized skills and experience across a range of disciplines, including engineering, manufacturing, logistics, software development, research and development, project management, sales and marketing, licensing, corporate development, legal, administration, and finance.

Competition

Quarterhill and its operating subsidiaries face varying levels of competition across their respective markets and lines of business.

ETC competes with systems integrators, enterprise software providers, consulting firms, and other information technology companies serving the smart mobility and tolling sectors. ETC has operated in the smart mobility market for more than 25 years and has established a strong reputation as an innovator in the U.S. tolling industry, with a history of industry firsts in the United States, including the deployment of a web-based toll solution, all-electronic tolling, dynamic pricing, and an interoperable hub compliant with U.S. national interoperability (NIOP) standards.

IRD competes in the United States and Canada with systems integrators, sensor providers, and other technology companies serving the intelligent transportation systems (ITS) industry. In international markets, IRD also competes with multinational companies and regional technology providers. IRD is recognized as a leading provider in the Weigh-In-Motion market and has established a strong position within the global intelligent transportation systems (ITS) industry, particularly in North America and Europe.

Intellectual Property

Quarterhill and its operating subsidiaries rely on a combination of contractual protections and intellectual property laws, including patent, copyright, trademark, and related legal protections, to protect proprietary rights in the jurisdictions where they operate. Intellectual property and related rights are considered important business assets and are enforced where appropriate.

For software licensed to customers by ETC, source code is protected, where applicable, as trade secrets and unpublished copyrighted works in the jurisdictions where such software is licensed. Certain ETC solutions are also protected by patents in selected jurisdictions.

For software licensed to customers by IRD, source code is protected, where applicable, as trade secrets and unpublished copyrighted works in the jurisdictions where such software is licensed. Certain IRD products are also protected by patents in selected jurisdictions.

Quarterhill and its operating subsidiaries require employees and consultants, as applicable, to enter non-disclosure, confidentiality, and intellectual property assignment agreements as a condition of employment or engagement.

Cycles

ETC's business is not generally subject to significant cyclical or seasonal pressures. However, broader conditions affecting the technology sector, as well as the timing and progression of customer projects, may affect ETC's revenues and the timing of equipment installation at customer sites. ETC's revenues may vary as customer projects progress through planning, implementation, operations, and maintenance.

Because many of IRD's product offerings involve outdoor installation, seasonal weather conditions in North America may affect the timing of installation work for certain projects. As a result, the first quarter of a fiscal year, which includes much of the North American winter season, may experience lower revenues, while the third quarter is often a more active period for project execution.

Foreign Operations

Although Quarterhill's operations are primarily focused on North America, IRD also conducts its operations in Asia and Europe. ETC currently has no offices outside of the United States.

For fiscal 2025, approximately 88% of our revenues arose in the United States, 3 in China, 2% in Germany and 2% in Canada. For more details, please see Note 21 entitled "Segment Reporting" included in our consolidated financial statements for the year ended December 31, 2025 as filed and available on SEDAR+ at www.sedarplus.ca.

Employees

At December 31, 2025, we had 417 employees and 82 contractors worldwide.

Environmental Protection

Quarterhill and its operating subsidiaries seek to conduct their operations in a manner that is mindful of environmental impacts and consistent with applicable laws, regulations, and commercially reasonable operating practices.

IRD and its subsidiaries operate production facilities that involve power consumption, emissions associated with certain standard industrial processes, and emissions related to the receipt and shipment of materials and finished products, as well as the installation and maintenance of those products. IRD and its subsidiaries use industry-standard practices to reduce the environmental impact of their operations.

Across the organization, Quarterhill also seeks to reduce environmental impact through measures such as recycling, reducing or eliminating the use of hazardous materials where feasible, using video conferencing to reduce travel where appropriate, and supporting reduced commuting where practical.

Other than normal course expenditures, none of which are material, there are no financial or operational effects to Quarterhill and its subsidiaries currently expected as to measures taken by them relating to environmental matters including with respect to capital expenditures, profit and loss, and our competitive position in both the year ended December 31, 2025 and as currently foreseeable in future years.

Risk Factors

Quarterhill operates in ever-changing business and competitive economic environments that expose us to a number of risks and uncertainties, including the risk factors described below. The risks and uncertainties described below are not, however, the only risks we face; we may also be subject to additional risks and uncertainties that are currently unknown or not currently deemed material to our respective business operations. If any of the risks or uncertainties we and our operating subsidiaries face were to occur, they could materially affect our future operating results and could cause actual events to differ materially from those which we expect or that we have described in our forward-looking statements.

Any of the matters described under this "Risk Factors" section could have a material adverse effect on our businesses, results of operations and financial condition, in which case the trading price of the Common Shares could decline, and a holder of Common Shares could lose all or a part of their investment. Please also see the "Forward Looking and Other Statements" section of this Annual Information Form.

<u>*Risks Related to Quarterhill's Business Generally*</u>

We may not be able to execute our corporate strategy.

Our strategic priorities are generally described under the heading "Description of the Business – Strategy" above in this Annual Information Form and have changed with the transition to our business as an acquirer, manager and integrator of established technology companies in the ITS Industry and the related sale of the shares of WiLAN. As with any undertaking such as Quarterhill and our diversification into the ITS Industry, there is inherent risk associated with the successful implementation and execution of our strategic plans. If we are unable to successfully implement and execute these plans, there could be a material and adverse effect on our businesses, results of operations and financial condition.

We may not be able to sustain profitability in the future. If we do not maintain profits, our share price may decline.

As we continue to grow our businesses, our operating expenses and capital expenditures may increase, and as a result, we may need to generate additional revenue to maintain profitability. If our revenues decline significantly, we may not be able to sustain profitability because many of our expenses are fixed in the short term and cannot be easily or quickly reduced. A failure to maintain profitability has the potential to materially and adversely affect our businesses.

We may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption and fail to enhance shareholder value.

As part of our strategy, we have sought and will continue to seek acquisition candidates relating to, or complementary to, our current strategic focus. Ultimately, any acquisitions, including past acquisitions, should be expected to be accompanied by risks.

We cannot be certain that we will be able to identify suitable acquisition candidates that are available for purchase at reasonable prices, and we may fail to select appropriate acquisition targets. Management believes that valuations expected and/or proposed by acquisition candidates may often be subject to cyclical and, often, unreasonable, expectation that may, from time to time, make it difficult for us to source and consummate sufficient acquisitions to fulfil our strategic goals. Even if we can identify appropriate acquisition candidates, we may be unable to consummate an acquisition on suitable terms. From time to time, we may also have significant competition for acquisition candidates from other parties including those that have greater resources or that are willing to pay higher purchase prices.

When evaluating an acquisition opportunity, we may not correctly identify the risks and costs inherent in the business that we are acquiring. If we were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of our available cash resources may be used, or we may have to seek additional financing to complete such acquisitions.

We plan to acquire other companies using both our existing free cash flow and available financing to fund the acquisitions. If our existing businesses are unable to generate sufficient free cash flows to successfully fund our acquisition strategy at any time or from time to time, we may be unable to complete one or more such acquisitions. If we choose to raise debt capital to finance any acquisition, our leverage will be increased. If we choose to use equity as consideration for acquisition, existing shareholders may suffer dilution.

As a part of our acquisition strategy, we may utilize a strategy where a portion of the purchase price is paid at closing, while the remaining portion of the purchase price is subject to the target successfully completing performance metrics within an earn-out period after the closing of the acquisition. Any potential earn-out payments are contingent payments and while we believe we would have the required funds to satisfy these contingent payments, if earned, there can be no assurance that we would have the required funds at the applicable point in time. If we do not make any contingent payments, whether due and payable or not, this may have a material adverse impact on us and we may be exposed to litigation, the resolution of which may be unpredictable.

We may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization. Any integration of an acquired business or assets may disrupt our ongoing businesses and our relationships with employees, suppliers, contractors and other stakeholders. The diversion of management's time and attention during any transaction and subsequent integration may be significant.

We cannot assure that any acquisitions or business arrangements completed will ultimately benefit our business. Further, there can be no assurance that we would be successful in overcoming the risks identified above or any other problems encountered in connection with such acquisitions.

Future acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of such company and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with our assumptions or approach to accounting policies. We may not be able to manage such expansion effectively and any failure to do so could lead to a disruption in our business, a loss of customers and revenue, and increased expenses.

We may acquire contingent liabilities through acquisitions that could adversely affect our operating results.

We may acquire contingent liabilities in connection with acquisitions we have completed, which may be material. Although management uses its best efforts to estimate the risks associated with these contingent liabilities and the likelihood that they will materialize, our estimates could differ materially from the liabilities actually incurred.

A default under the ITS Credit Facilities and ITS Credit Agreement entered into by Quarterhill ITS could have a material adverse effect on our business and prospects.

On September 1, 2021, Quarterhill ITS (as borrower) entered into a credit agreement with HSBC Bank Canada, the other financial institutions from time to time party thereto as additional lenders and the administrative agent thereunder (the "**ITS Credit Agreement**"). The ITS Credit Agreement was amended on September 16, 2021 to admit another Canadian chartered bank to the ITS Credit Agreement as an additional lender (together with HSBC Bank Canada, the "**Lenders**") and further amended on December 21, 2021, April 29, 2022, March 21, 2023, June 27, 2023 and August 6, 2025. The credit facilities extended by the Lenders to Quarterhill ITS under the ITS Credit Agreement (collectively, the "**ITS Credit Facilities**") were used to pay a portion of the purchase price for ETC and for other general corporate purposes. The total commitments of the Lenders under the ITS Credit Facilities consist of a revolving credit facility in the maximum amount of USD$15 million and a term credit facility of USD$50 million. The ITS Credit Facilities are secured by a general security agreement over all the assets in North America of IRD, ETC and its parent holding company, Quarterhill USA, Inc. As at December 31, 2025, USD$13.9 million was outstanding under the ITS Credit Facilities.

If Quarterhill ITS were to default under the ITS Credit Facilities and/or either or both of ETC and IRD were to default under their guarantees, including a failure to comply with any financial or other restrictive covenants, or failure to obtain necessary waivers, any such default could have a material adverse effect on our business, financial condition and prospects. As at March 31, 2023, Quarterhill ITS was not in compliance with the fixed charge coverage ratio and senior leverage ratio under the ITS Credit Facilities, and accordingly began negotiations with the Lenders toward certain modifications to the ITS Credit Facilities. On June 27, 2023, Quarterhill ITS finalized an amendment to the ITS Credit Facilities to provide Quarterhill ITS with additional flexibility in its covenant and cash management, which included a waiver of the breaches of the foregoing financial covenants for all reporting periods up to March 31, 2024 and a reduction in the revolving credit facility. On September 6, 2024, the revolving credit facility was increased. On August 6, 2025 (the "**Amendment Date**"), the Company finalized an amendment to modify certain terms and conditions of the ITS Credit Facilities to provide the Company with additional flexibility in its covenant and cash management, including a waiver of the Senior Leverage Ratio to September 30, 2025. This amendment required Quarterhill ITS to repay USD$2 million of principal in addition to the previously scheduled repayment amounts of long-term debt and included certain financial covenants. The Fixed Charge Coverage Ratio was waived to September 30, 2025, and the waiver was extended to April 30, 2026. Quarterhill ITS was in compliance with the minimum earnings threshold for the three months ended December 31, 2025. As at the date of this Annual Information Form, other than in respect to the waiver obtained for the Fixed Charge Coverage Ratio, Quarterhill ITS is in compliance with the terms of the ITS Credit Facilities and no other breach of the ITS Credit Facilities has been waived by the Lenders.

Our acquisitions may have procedures and internal controls over financial reporting and other material policies that differ from ours.

As part of our business strategy of acquiring appropriate businesses, we implement policies and processes as well as our internal controls over financial reporting at any acquired companies following acquisition. Any such implementations may be a lengthy process and may divert our management's attention away from other business operations. Such implementation efforts may occasionally reveal deficiencies in acquired companies' internal controls over financial reporting as well as other material policies that could not be identified in our acquisition-related due diligence. Any such deficiencies may, in the worst cases, cause us to not be in a position to comply with our periodic reporting requirements and/or require us to invest heavily to meet our obligations and, as a result in either case, our business and financial results and condition may be materially harmed.

Our operating structure may expose us to unique risks.

We are a holding company that conducts operations through Canadian and foreign subsidiaries, and a significant portion of our assets may be held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict our ability to fund our operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on our valuation and stock price.

We need qualified personnel to manage and operate our various businesses.

In our decentralized business model, we need qualified and competent management to direct day-to-day business activities of our operating subsidiaries. Our operating subsidiaries also need qualified and competent personnel in executing their business plans and serving their customers, suppliers and other stakeholders. Changes in demographics (including any impacts to Quarterhill and/or our operating subsidiaries from the current trend seeing unprecedented numbers of workers leaving their jobs in the economy generally), training requirements and the unavailability of qualified personnel could negatively impact one or more of our operating subsidiaries' abilities to meet demands of customers to supply goods and services. Recruiting and retaining qualified personnel is important to all our operations. Although we believe we have adequate personnel for our current business environment, unpredictable increases in demand for goods and services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on our operating results, financial condition and liquidity.

Our ability to recruit and retain management and other qualified personnel is crucial to our business operations.

Our future success depends on the continued efforts and abilities of our senior management team. Their skills, experience and industry contacts significantly benefit us. Although we have employment agreements with members of our senior management team, they or our other key employees may not choose to remain employed by us. If we lose the services of one or more of these individuals, or if one or more of them decide to join a competitor or otherwise compete directly or indirectly with us, our business, operating results, and financial condition could be harmed.

Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified management personnel. Competition for such personnel can be intense and we cannot provide assurance that we will be able to attract or retain highly qualified personnel in the future.

Stock options can comprise an important component of our compensation of key employees, and if the market price of the Common Shares declines, it may be difficult to recruit and retain key employees due to the related decline in value of any options to purchase Common Shares. In addition, pursuant to the rules of the TSX, our unallocated options require periodic approval from shareholders to continue to be available for grant under our 2018 Equity Incentive Plan. TSX rules and/or the size of our option pool may limit our ability to use equity incentives to recruit and retain key employees.

Another important component of our compensation practice is restricted stock units which may be granted to certain key employees based on our achievement of certain corporate goals linked to our financial performance. Because restricted stock units result in the issuance of Common Shares, if the market price of the Common Shares declines, restricted stock units hold less value. Consequently, the attractiveness of restricted stock units to current or prospective employees may also be significantly reduced if the market price of Common Shares declines.

Our inability to attract and retain the necessary management personnel may adversely affect our future growth and profitability. We may need to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased.

Increased pressures on our existing personnel may create risk to our organization.

As we transition into our new strategic priorities, the growth and implementation of our new business plan has placed, and may continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to continue to further expand our overall businesses, headcount and operations at the appropriate times, although fluctuations in our and our operating subsidiaries' respective work forces may have a short-term negative impact on our businesses, financial performance, financial condition, cash flows and growth prospects.

Operating a North American organization and managing a geographically dispersed workforce requires substantial management effort and may require significant additional investment in our infrastructure. We must continue to improve our operational, financial and management controls and our reporting procedures which we may not be able to do effectively. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses in any particular period.

We may suffer from reputational risk.

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased use of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views relating to us, our operating subsidiaries and our respective activities, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to our and our operating subsidiaries' overall abilities to advance our respective products and services with customers, thereby having a material adverse impact on our businesses, financial performance, financial condition, cash flows and growth prospects.

Competition and technology may erode our market share and result in lower earnings.

Each of our operating subsidiaries faces significant competitive pressures within the markets in which they operate. While we manage our businesses with the objective of achieving long-term sustainable growth by developing and strengthening competitive advantages, many factors, including market and technology changes, may erode or prevent the strengthening of competitive advantages. Accordingly, future operating results will depend to some degree on whether our operating subsidiaries are successful in protecting or enhancing their competitive advantages. If our operating subsidiaries are unsuccessful in these efforts, our periodic operating results in the future may decline.

Deterioration of general economic conditions may significantly reduce our operating earnings and impair our ability to access capital markets at a reasonable cost.

Our operating subsidiaries are subject to normal economic cycles affecting the economy in general and, more specifically, the industries in which they operate which industry-specific cycles may not always track to the economy in general. If the economy or a specific industry in which we conduct business deteriorates for a prolonged period, one or more of our significant operations could be materially harmed. In addition, we utilize debt as a component of our or our operating subsidiaries' respective capital structures and may wish to utilize more such debt in future. This will depend on having access to borrowed funds through the capital markets at reasonable rates. If access to the capital markets is restricted or the cost of funding increases, these operations could be adversely affected.

Our operating subsidiaries may be faced with intellectual property claims.

Certain 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 used by our operating subsidiaries in their respective products, services and technologies. Some of these patents may grant very broad protection to their owners. We cannot determine with certainty whether any existing third-party patents or the issuance of any third-party patents would require any of our operating subsidiaries to alter their respective technologies, obtain licenses or cease certain activities. We or our operating subsidiaries may become subject to claims by third parties alleging our respective technologies infringe their property rights. In addition, certain of our operating subsidiaries may, from time to time, provide their customers with qualified indemnities against the infringement of third-party intellectual property rights which may expose these subsidiaries to vicarious liabilities from any claims made against their customers.

Misappropriation of our operating subsidiaries' intellectual property could place them at a competitive disadvantage.

Our operating subsidiaries' intellectual property is important to their and our success. Our operating subsidiaries rely on a combination of patent protection, copyrights, trademarks, trade secrets, license agreements, non-disclosure agreements and other contractual agreements to protect their intellectual property. Third parties may attempt to copy aspects of our operating subsidiaries' products, services and technology or obtain information our operating subsidiaries regard as proprietary without their authorization. If our operating subsidiaries are unable to protect their intellectual property against unauthorized use by others, it could have an adverse effect on their competitive position, businesses and results of operations. In addition, our operating businesses could be required to spend significant funds and management resources could be diverted to defend their rights, which could significantly disrupt their operations.

We may be faced with litigation risks from time to time.

We and our operating subsidiaries are, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business including, but not limited to, intellectual property disputes. We cannot reasonably predict the likelihood or outcome of these actions. Adverse outcomes in some or any of these claims may result in significant monetary damages or injunctive relief that could adversely affect our or our operating subsidiaries' ability to conduct our respective businesses. Further, if we are unable to resolve these disputes favourably, it may have a material adverse impact on our financial performance, cash flow and results of operations.

Our information technology faces cyber security risks.

We rely on information technology in virtually all aspects of our businesses. A significant disruption or failure of our information technology systems could result in service interruptions, safety failures, security violations, regulatory compliance failures, an inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against our information systems could result in loss of assets and critical information, and exposes us to remediation costs and reputational damage.

Although we have taken reasonable steps intended to mitigate these risks, including a business risk assessment and disaster recovery planning, a significant disruption or cyber intrusion could lead to misappropriation of assets or data corruption and could adversely affect our results of operations, financial condition and liquidity. Additionally, if we are unable to acquire or implement new technology, we may suffer a competitive disadvantage, which could also have an adverse effect on our results of operations, financial condition and liquidity.

Cyber attacks could further adversely affect our ability to operate facilities, information technology and business systems, or compromise confidential customer and employee information. Political, economic, social or financial market instability or damage to or interference with our operating assets, or our customers or suppliers may result in business interruptions, lost revenue, unstable markets, increased security and repair or other costs, any of which may materially adversely affect us in ways that cannot be predicted. Any of these risks could materially affect our consolidated financial results. Further, instability in the financial markets resulting from global conflict, terrorism, sustained or significant cyber attacks, or war could also materially adversely affect our ability to raise capital.

There are risks associated with the use of artificial intelligence within our industry.

We may incorporate artificial intelligence ("**AI**") into our business operations and have in our products. Failure to manage its use effectively could result in reputational damage, legal liability, competitive disadvantages, and adverse financial impacts. AI technologies are complex, and achieving the desired level of accuracy, efficiency, and reliability presents ongoing technical challenges. AI models may contain biases, errors, or limitations in handling certain data types, which could lead to system failures, security vulnerabilities, or unintended outcomes. These issues could erode user confidence, damage our reputation, and reduce demand for our products.

Additionally, competitors or third parties may adopt AI more rapidly or successfully than we do, impacting our ability to compete effectively. The rapid evolution of AI, including advances in machine learning and changing industry standards, requires us to continuously enhance our platform. If we fail to develop new features, integrations, or products that meet market expectations, our business could suffer.

The use of AI applications also introduces cybersecurity risks that may compromise customer data, potentially leading to regulatory scrutiny, financial penalties, and reputational harm. Ethical concerns surrounding AI, such as data privacy, algorithmic bias, and intellectual property considerations, may also present legal and compliance challenges. If our use of AI becomes controversial or fails to align with emerging regulations, we could face operational disruptions, increased costs, or legal liabilities.

We rely on third-party suppliers, in some cases sole suppliers or limited groups of suppliers, for some materials used in our products which may cause the delivery of products to our customers to be interrupted and reduces control over our performance.

Quarterhill relies on third-party suppliers, in some cases sole suppliers or limited groups of suppliers, to provide us with materials necessary for the manufacture of our products. Shortages in such materials may result in a delay in filling orders from our customers, which may adversely affect our business, and such sources may experience damage or interruption in their operations due to unforeseen events, be impacted by natural catastrophes or public health epidemics illnesses, including COVID-19, become insolvent or bankrupt, or experience claims of infringement, all of which could delay or stop their procurement of components to us, which may adversely affect our business, operating results, and financial condition. If there is a shortage of any such components and we cannot obtain an appropriate substitute from an alternate supplier of components, we may not be able to deliver sufficient quantities of our products to our customers. If such shortages occur, we may lose business or customers, and our operating results and financial condition may be materially adversely affected.

Quarterhill is subject to potential fluctuating revenue due to risks faced by customers that are outside of Quarterhill's control, as well as because the timing of large orders placed by some of our customers is often project-based.

Most of Quarterhill's contracts with customers do not require customers to purchase any specified quantity of products or services, and therefore Quarterhill remains vulnerable to factors that influence the purchasing activity of key customers but are outside of Quarterhill's control. These factors include but are not limited to: (1) changes in strategic plans and the budget allocations of customers; (2) legislative and/or regulatory changes; (3) consolidations and other activity amongst customers; and (4) customer staffing challenges.

Furthermore, our operating results fluctuate because we often receive large orders from customers that coincide with the timing of the customer's project. Sales of our products and services may be delayed if customers delay approval or commencement of projects due to budgetary constraints, internal acceptance review procedures, timing of budget cycles or timing of competitive evaluation processes. In addition, sometimes our customers make significant one-time hardware purchases for projects which are not repeated, and we expect fluctuations in our revenues as a result of one-time project-based purchases to continue in the future. In addition, our sales may be subject to significant fluctuations based on the acceleration, delay or cancellation of customer projects, or our failure to complete one or a series of significant potential sales. Because a significant portion of our operating expenses are fixed, even a single order can have a disproportionate effect on our quarterly revenues and operating results. As a result of the factors discussed above, and due to the complexities of the industry in which we operate, it is difficult for us to forecast demand for our current or future products with any degree of certainty, which means it is difficult for us to forecast our sales.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, the price of our Common Shares could decline substantially. In addition, if Quarterhill is unable to manage these risks successfully or if any of our major customers terminate their contracts or significant orders with Quarterhill, our business, results of operations and financial condition could be materially adversely affected.

The lengthy sales cycle for our products and services, along with delays in customer completion of projects, make the timing of our revenues difficult to predict.

We have a lengthy sales cycle for many of our products due to a lengthy customer evaluation and approval process. The length of this process can be affected by factors over which we have little or no control, including the customer's budgetary constraints, timing of the customer's budget cycles, and concerns by the customer about the introduction of new products by us or by our competitors. As a result, sales cycles for customer orders vary substantially among different customers. The lengthy sales cycle is one of the factors that has caused, and may continue to cause, our revenues and operating results to vary significantly from quarter to quarter. In addition, we may incur substantial expenses and devote significant management effort and expense to develop potential relationships that do not result in agreements or revenues, which may prevent us from pursuing other opportunities. Accordingly, excessive delays in sales could be material and adversely affect our business, financial condition or results of operations.

There can be no assurance that growth in key markets will continue.

There can be no assurance that the market for Quarterhill's products and services will continue to grow, that customers within the target industry will adopt Quarterhill's products and services, or that Quarterhill will be able to independently establish additional markets for these products. If the various markets in which Quarterhill's products compete fail to grow or grow more slowly than currently anticipated, or if Quarterhill were unable to establish markets for our products, Quarterhill's business, results of operations and financial condition could be materially adversely affected.

The industries in which Quarterhill operates are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Quarterhill's business.

When consolidations occur among our competitors, it may provide such competitors with additional leverage and advantage over our business such as enhanced ability to make interoperable products previously produced by the separate entities, providing competitive advantage as our customers require our product to interoperate with other third party products they use; the ability to reduce necessary operational expenses and personnel without reducing the results of operations; or being able to provide products at lower prices or with larger gross margins. The strategic advantages of the merged companies could have a material adverse effect on Quarterhill's ability to compete in our highly competitive industry.

Successful warranty or product liability claims could harm Quarterhill's business.

Quarterhill provides industry-standard product warranties. If Quarterhill's products or services fail to perform as warranted and we are unable to resolve product quality or performance issues in a timely manner, Quarterhill may lose sales or be forced to pay damages. Furthermore, any failure of Quarterhill's products and services to meet the specification requirements of customers could have a negative impact on sales and a material adverse effect on our business, results of operations and financial condition. Overall, a product liability claim could adversely impact our business due to the cost of settlements and due to the costs of defending such a claim. Although Quarterhill has product liability insurance, there is no assurance that such insurance shall be sufficient or shall continue to be available on reasonable terms.

Acquisitions could result in a high demand on resources both from a personnel and financial standpoint, and may negatively impact Quarterhill's operating results.

Quarterhill's principal strategy is to enhance our operations and financial condition by acquiring additional complementary businesses, products or technologies or by divesting of businesses, products or technologies. There can be no assurance that Quarterhill will be able to identify, acquire or profitably manage additional businesses or successfully integrate or divest from businesses, products or technologies without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions may involve several special risks, including diversion of management's attention, expenses of amortizing the acquired company's intangible assets, failure to retain key personnel, unanticipated events or circumstances and legal liabilities. Acquisition activities could also result in potentially dilutive issuance of equity securities. Any failure by Quarterhill to manage an acquisition transaction successfully could have a material adverse effect on our business, results of operations and financial condition.

Increasing attention on ESG matters may have a negative impact on our business, impose additional costs, or expose us to additional risks.

Increasingly regulators (including the securities regulators), customers, investors, employees and other stakeholders are focusing on environmental, social and governance ("**ESG**") matters. While we have, or are developing, certain ESG initiatives, there can be no assurance that regulators, customers, investors, and employees will determine that these programs are sufficiently robust. Actual or perceived shortcomings with respect to our ESG initiatives and reporting can impact our ability to hire and retain employees, increase our customer base, or attract and retain certain types of investors. In addition, these parties are increasingly focused on specific disclosures and frameworks related to ESG matters. Collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming, is subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal and other risks, any of which could have a material impact on us, including on our reputation and stock price. Inadequate processes to collect and review this information prior to disclosure could subject us to potential liability related to such information.

*Corruption of Foreign Public Officials Act ("**CFPOA**"), United States Foreign Corrupt Practices Act ("**FCPA**") and Anti-Bribery Laws Risks.*

Quarterhill is subject to compliance with various laws and regulations, including the Canadian CFPOA, the United States FCPA, and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage. Quarterhill's employees are trained and required to comply with these laws, and Quarterhill is committed to legal compliance and corporate ethics. There is no assurance that Quarterhill's training and compliance programs will protect it from acts committed by our employees, affiliates or agents. Violations of these laws could result in severe criminal or civil sanctions and financial penalties and other consequences that may have a material adverse effect on Quarterhill's business, reputation, financial condition, or results of operations.

Global conflicts may lead to unpredictable economic and political conditions that may adversely effect our business.

Ongoing global conflict, including in Ukraine and the Middle East, can and has led to sanctions being levied against certain countries by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chain and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect our business and financial condition. The extent and duration of such conflicts and related international actions cannot be accurately predicted and the effects of such conflict may magnify the impact of other risks identified in this Annual Information Form, including those relating to commodity price volatility, global financial conditions, and share price volatility. Because of the highly uncertain and dynamic nature of these events, it is not currently possible to accurately estimate the impact of such conflicts on our business.

Risks Relating to Our Operating Subsidiaries Specifically

Our operations may be negatively impacted by climate, political, social and economic risks, natural disasters and pandemics in countries impacted thereby.

Some of the countries in which we and our operating subsidiaries operate have experienced individual and, in some cases, prolonged, climate, political, social and economic unrest in the past and may do so again in the future. We and our operating subsidiaries may be exposed to the risk of hurricanes, floods, earthquakes, pandemics and other natural disasters and their indirect effects from time to time in one or more of the countries in which we operate. Any such events may have a negative impact on one or more of our businesses.

Conditions or events including the ones specifically identified below could disrupt our businesses' supply chains, interrupt operations at our facilities or at those of our customers and suppliers, increase our operating expenses, result in losses of sales, delay implementation of assets and performance of contracts or require additional expenditures to be incurred:

- extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.;
- pandemics such as the worldwide COVID-19 pandemic;
- political instability, social and labour unrest, war or terrorism including the ongoing conflict in Ukraine and the Middle East;
- interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road; and
- related economic impacts including changes in interest rates, inflation, exchange rates and changes in focus for government spending.

Our operating subsidiaries are subject to additional risks and uncertainties.

In addition to the risks and uncertainties to which we and our business are subject, our operating subsidiaries are also subject to additional risks and uncertainties that are unique to their specific industries and/or businesses, any of which could have a material adverse effect on our businesses, results of operations and financial condition.

A non-exhaustive list of examples of risks and uncertainties relating to our current operating subsidiaries includes the following:

- with respect to ETC:

    - ETC's business is currently concentrated with a relatively small number of customers and related agreements, the loss of some of which customers without replacement could adversely affect its operating results and cash flows;

    - ETC derives significant revenues from commercial and government contracts awarded through competitive bidding processes including renewals, which can impose significant costs and ETC may not achieve its financial objectives if it fails to accurately and effectively bid on such projects;

    - ETC's government contracts are subject to the appropriation of funds, termination rights, audit and investigation rights and other customary terms which would be exercised in a manner that could negatively impact ETC's reputation and reduce its ability to compete for new contracts;

    - ETC's customers often rely on the issuance of bonds to construct their projects and if any issuance of such bonds by any such customer does not permit the construction of such a project or any such customer is unable to issue such bonds, then any such customer may delay or terminate its agreement(s) with ETC, which could adversely affect its operating results and cash flows;

    - from time to time, ETC is required by certain of its customers to obtain performance, litigation, payment, operation, maintenance and/or other types of bonds for specific projects; if ETC is unable to obtain any such

        - required bonds or is unable to obtain any such bonds on a favourable basis, it may not be able to win and/or perform related agreements for such customers, which could adversely affect its operating results and cash flows; and

    - from time to time, ETC is required by certain of its customers to agree to rigorous key performance indicators and related liquidated damages for the failure to meet such indicators; such liquidated damages can be substantial and, if ETC were required to pay any such liquidated damages, this could materially adversely affect its operating results and cash flows; and

- with respect to IRD:

    - IRD's trade receivables and unbilled revenues from government and private industry customers are subject to credit and non-payment risk with all private industry accounts subject to internal credit review and approval to minimize risk of non-payment and, where invoiced amounts are not secured by letter of credit, IRD generally insures up to 90% of these amounts through Export Development Canada;

    - a necessary dependence on government contracts and subcontracts exposes IRD's business to special risks and challenges including, among other things, political risks, delays and constraints arising from lack of attention from governmental agencies struggling with other priorities, long and/or competitive bidding and approval processes, performance bond requirements, deliverable requirements and related damage and/or cancellation provisions for failure meet deliverables, etc.;

    - IRD's business with its valued customers in Ukraine continues to be disrupted as a result of the current invasion of Ukraine by the Russian Federation;

    - unsatisfactory performance by subcontractors engaged to complete various components of a contract could result in reduced profits on that contract and result in reputational risk to IRD;

    - as governments adjust their spending priorities for political and/or economic reasons, transportation agencies around the world often reduce their spending and/or implement shifts in transportation funding initiatives to address the traffic monitoring and management issues for which IRD's products and services act as solutions, which could adversely affect IRD's operating results; and

- with respect to Red Fox, rapid technological advancements pose a risk to Red Fox's business if the company fails to keep pace with industry trends.

As noted, the foregoing examples of risks and uncertainties to which these operating subsidiaries may be subject is not intended to be exhaustive but may provide readers of this Annual Information Form with information that could influence their decision to purchase or sell Common Shares.

In connection with the sale of shares of WiLAN, a certain portion of the consideration payable is contingent upon WiLAN achieving certain revenue milestones. There can be no assurance that WiLAN will achieve such revenue milestones.

On December 15, 2021, we announced, among other things, that we planned to retain investment bankers to conduct a strategic review of WiLAN which may include changes to its corporate structure, the acquisition or disposition of assets, a going private transaction, joint ventures, the sale of WiLAN and/or alternative operating models among other potential alternatives. We accordingly engaged Stout Capital, LLC as our financial advisor throughout such strategic review process, and ultimately on June 15, 2023, we announced that we had completed a sale of shares of WiLAN to an arm's length purchaser for gross proceeds of up to Can$71.4 million, subject to adjustments.

The consideration payable in connection with the sale of shares of WiLAN consists of approximately Can$48 million in cash, approximately Can$8 million as an earnout, and approximately Can$15.4 million pursuant to an unsecured promissory note, which earnout and note are payable upon WiLAN Amalco achieving certain revenue milestones. Furthermore, Quarterhill also received a 10%, non-voting equity stake in WiLAN Amalco, which can be repurchased by WiLAN Amalco for an amount between approximately Can$13 million and Can$16 million, again subject to WiLAN Amalco meeting certain revenue milestones.

For such time as Quarterhill continues to retain its 10% equity stake in WiLAN Amalco, we will continue to be entitled to receive our pro rata distribution of any dividends declared by WiLAN Amalco. However, there can be no assurance that WiLAN Amalco will pay any dividends or will meet the specified revenue milestones triggering the payments of any or all of the earnout, the unsecured promissory note, or the redemption of the 10% equity stake. Accordingly, the failure of WiLAN Amalco to achieve such revenue milestones could result in the ultimate amount of consideration payable being less than the figures set out above, as applicable.

Fixed price contracts may result in unexpected costs.

A number of our operating subsidiaries' government contracts may be based on a fixed price for the provision of a specified solution against an agreed delivery schedule. Entering into these types of contracts, including in the submission of tenders or responses to requests for quotes or proposals, requires our operating subsidiaries to estimate the total project cost based on preliminary projections of a project's requirements, and the financial viability of any such project depends in large part on our operating subsidiaries' ability to estimate these costs accurately and to complete the related project on a timely basis. There is a risk in all fixed price contracts that our applicable operating subsidiary may face unexpected costs, delays and other challenges that will prevent them from delivering the related systems and/or services at the expected cost and/or within the time specified. If costs on any such projects exceed the fixed contractual payment amount, then our subsidiary may be required to bear any excess costs. Bearing any such excess costs could adversely affect our financial conditions and results of operations.

Our operating subsidiaries conduct their businesses in certain foreign jurisdictions.

Our operating subsidiaries continue to pursue international growth opportunities, including in various jurisdictions in Africa, Central America, Europe, North America, Oceania, and South America. Depending on the operating subsidiary in question, we have limited experience conducting business outside Asia, Europe and/or North America and we may not be aware of all the factors that may affect our operating subsidiaries and their respective businesses in foreign jurisdictions. We are subject to a number of risks associated with international business activities that may increase liability and costs, lengthen sale cycles and require significant management attention.

In particular, international operations carry certain risks and uncertainties and associated costs, such as:

- the complexities and expense of administering a business abroad;
- complications in compliance with and unexpected changes in foreign regulatory requirements;
- foreign laws, international import and export legislation;
- political instability, social and labour unrest, war or terrorism;
- trading and investment policies;
- corruption, requests for improper payments or other actions that may violate applicable foreign corrupt practices laws, uncertain legal enforcement and physical security;
- foreign currency fluctuations;
- exchange controls;
- tariffs and other trade barriers;
- difficulties in collecting accounts receivable;
- potential adverse tax consequences;
- uncertainties of laws and enforcement relating to the protection of intellectual property or secured technology;
- unauthorized copying of software;
- difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs; and
- other factors, depending upon the jurisdiction involved.

We and our operating subsidiaries may experience these and other factors in the future and such factors may have a material adverse effect on our businesses, operating results and financial condition.

Rising concerns regarding international tariffs could materially and adversely impact our business.

The current political landscape has introduced significant uncertainty with respect to future trade regulations and existing international trade agreements. This uncertainty arises from several factors, including the imposition—or potential imposition—of tariffs on products manufactured outside the U.S.

We cannot predict whether, and to what extent, there may be changes to international trade agreements or whether quotas, duties, tariffs, economic sanctions, exchange controls or other restrictions will be changed or imposed on our products. Any such changes could materially and adversely impact our operations, business and financial results. The introduction of trade tariffs or other economic sanctions – both globally and especially between the U.S. and Canada – carries the risk of negatively affecting the overall economic conditions of both Canada and the U.S., which could have a negative impact on our operations.

We are subject to various trade policy considerations in the jurisdictions in which we and our operating subsidiaries conduct business.

Our operating subsidiaries and their respective businesses are subject to government policies related to import and export restrictions and business acquisitions, support for export sales, and world trade policies including specific regional trade practices. As a result, we are exposed to risks associated with changing priorities by government and supranational agencies.

In addition, protectionist trade policies and changes in the political and regulatory environment in the markets in which we operate, such as foreign exchange import and export controls, tariffs and other trade barriers, price or exchange controls, as well as potential delays to the full implementation of the "Agreement between the United States of America, the United Mexican States and Canada" among Canada, the U.S. and Mexico, could affect our business in several national markets, impact our sales and profitability and make the repatriation of profits difficult, and could expose us to penalties, sanctions and reputational damage.

Fluctuations in foreign exchange rates impact and may continue to impact our operating expenses, potentially adversely affecting financial results.

Our functional currency is the U.S. dollar, and we report our financial results in U.S. dollars. Our operating results are subject to changes in the exchange rate of the U.S. dollar relative to the Canadian dollar and any other currency in which our operating subsidiaries generate revenues and pay expenses. Any decrease in the value of the U.S. dollar relative to the Canadian dollar and/or such other currencies will have an unfavourable impact on Canadian denominated operating expenses. We may manage the risk associated with foreign exchange rate fluctuations by, from time to time, entering into forward foreign exchange contracts and engaging in other hedging strategies. If we engage in risk management activities related to foreign exchange rates, we may be subject to credit risks associated with the counterparties with whom we contract.

Our quarterly revenue and operating results can be difficult to predict and can fluctuate substantially.

Our revenue may be difficult to forecast, may fluctuate significantly and may not be indicative of our future performance from quarter to quarter. In addition, our operating results may not follow any past trends. The factors affecting our revenue and results, many of which are outside our control, include:

- competitive conditions in the various industries in which we and our operating subsidiaries conduct our respective businesses;
- the discretionary nature of purchase and budget cycles of our operating subsidiaries' customers and changes in their budgets for, and timing of, purchases;
- strategic decisions, such as mergers, acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy; and
- general weakening of the economy resulting in a decrease in the overall demand for products and services or otherwise affecting capital investment levels of our operating subsidiaries' customers.

Intellectual property licensing is characterized by a relatively small number of transactions in any year and even minor variances in the rate and timing of concluding license agreements could cause significant fluctuations in revenues. Our other businesses do not typically experience this type of revenue fluctuations although they do experience variations from period to period that could cause us to plan or budget inaccurately, and those variations could adversely affect our financial results.

Our goodwill and intangible assets are valued at an amount that is high relative to our total assets, and a write-off of our intangible assets would negatively affect our results of operations and total capitalization.

Our total assets reflect substantial intangible assets. At December 31, 2025, intangible assets totaled approximately $77 million compared to approximately $83 million of shareholders' equity, and represented approximately 40% of our total assets of approximately $191 million. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the net assets we have acquired. We assess at least annually whether there has been an impairment in the value of our goodwill and indefinite economic life intangible assets. If future operating performance at one or more of our operating subsidiaries were to fall significantly below current levels, if competing or alternative technologies emerge, if interest rates rise or if business valuations decline, we could incur a non-cash charge to operating earnings. Any determination requiring the write-off of a significant portion of goodwill or unamortized intangible assets would negatively affect our results of operations and total capitalization, the effect of which could be material. As at December 31, 2025, the Company performed its annual impairment assessment of goodwill and also considered whether events or changes in circumstances indicated that goodwill may be impaired. Based on this assessment, the Company recorded a goodwill impairment charge of $31 million during the year ended December 31, 2025.

We evaluate the recoverability of the carrying amount of intangible assets on an ongoing basis, which evaluations may result in our incurring substantial impairment charges which would adversely affect our consolidated financial results. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we have used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result.

Risks Relating to Our Common Shares and Convertible Debentures

Quarterhill announced an adjustment to our capital allocation strategy in 2023, which resulted in the cessation of the legacy quarterly dividend, and there can be no assurance as to the payment of any future dividends.

On June 3, 2009, we announced the Board had declared a cash dividend of Can$0.0125 per Common Share payable on August 5, 2009 to holders of record of Common Shares at the close of business on June 29, 2009. Dividends have been declared by the Board and paid each fiscal quarter since that date until March 2023, when the Board declared that a dividend in the amount of Can$0.0125 per Common Share was to be paid on April 11, 2023 to shareholders of record as of the close of business on March 31, 2023.

However, on May 10, 2023, Quarterhill announced an adjustment to our capital allocation strategy, and determined that it will no longer pay a dividend to provide it with the financial flexibility to support the growth of the ITS Industry business. Given that the payment of quarterly dividends was largely a legacy feature of the intellectual property licensing business, and given that dividends are not a common feature among publicly traded companies in the ITS Industry (which tend to follow a more traditional growth-oriented model), there can be no assurance as to whether any future dividends will be declared by the Board or, if declared, as to the amount and timing of the payment of any such future dividends.

Our businesses could be negatively affected because of actions of activist shareholders.

Publicly traded companies have increasingly become subject to campaigns by investors seeking to advocate certain governance changes or corporate actions such as financial restructuring, special dividends, share repurchases or even sales of assets or the entire company. We could be subject to such shareholder activity or demands. Given the challenges we have encountered in our businesses in the past few years, recent changes to our strategic focus may not satisfy such shareholders who may attempt to promote or effect further changes or acquire control over us. Responding to proxy contests, media campaigns and other actions by activist shareholders, if required, will be costly and time-consuming, will disrupt our operations and would divert the attention of the Board and senior management from the pursuit of our business strategies, which could adversely affect our results of operations, financial condition and/or prospects. If individuals are elected to the Board with a specific agenda to increase short-term shareholder value, it may adversely affect or undermine our ability to effectively implement our plans. Perceived uncertainties as to our future direction resulting from shareholder activism could also result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel and business partners, to our detriment.

The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations and the trading price of the Convertible Debentures may also be volatile.

The Common Shares are listed on the TSX and on the OTCQX Best Market and the Convertible Debentures are listed on the TSX.

The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations notwithstanding our potential success in creating revenues, cash flows or earnings and, therefore, the value of the Common Shares may also fluctuate significantly, which may result in losses to investors who have acquired or may acquire Common Shares.

The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including: low trading volumes; actual or anticipated fluctuations in our results of operations; changes in estimates of our future results of operations by us or by securities analysts; announcements of material information; and other events and factors, including but not limited to the risk factors identified in this Annual Information Form.

In addition, different liquidity levels, volumes of trading, currencies and market conditions on the TSX and the OTCQX Best Market may result in different prevailing trading prices between these stock exchanges.

In addition to factors affecting the market price of the Common Shares, the market price of the Convertible Debentures may also be based on a number of factors, including but not limited to: (a) the prevailing interest rates being paid by companies similar to us; (b) the overall condition of the financial and credit markets; (c) interest rate volatility; (d) the markets for similar securities; (e) our financial condition, results of operation and prospects; (f) the market price, dividend policy and volatility of the Common Shares; (g) changes in the industry in which we operate and competition affecting us; (h) the results of any public announcements made by the Company; (i) sale of additional debentures, of Common Shares and/or of other Quarterhill securities in the marketplace; and (j) other events and factors, including but not limited to the risk factors identified in this Annual Information Form.

Potential volatility in the market price of the Convertible Debentures and Common Shares may affect the ability of holders of Convertible Debentures and/or Common Shares to sell their securities at an advantageous price. Additionally, this may result in greater volatility in the market price of the Convertible Debentures than would be expected for non-convertible debt securities. Financial markets have, at times, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur, our operations could be adversely impacted, and the trading price of the Convertible Debentures and/or Common Shares may be adversely affected.

Current global conflict, including in Ukraine and in the Middle East, and any resulting actions that are or may be taken by Canada, the United States and/or other countries in response thereto, including sanctions or export controls, have resulted in additional volatility in Canadian and international financial markets and may lead to even more such volatility. As a result, the market price of the Common Shares and/or Convertible Debentures is volatile and may decline even if Quarterhill's and/or our operating subsidiaries' respective operating results, underlying business values or prospects have not changed.

Because of any of these factors, the market price of the Common Shares and/or Convertible Debentures at any time may not accurately reflect our long-term value.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources, which could adversely affect our businesses. Any adverse determination in litigation against us could also subject us to significant liabilities.

The acquisition of, investment in and disposition of Common Shares or Convertible Debentures has tax consequences.

Investors should be aware that the acquisition, holding and/or disposition of Common Shares or Convertible Debentures has tax consequences that are not described in this Annual Information Form. Holders of Common Shares and/or Convertible Debentures should consult their own tax advisors with respect to the tax consequences of the acquisition, ownership and disposition of Common Shares or Convertible Debentures as may be applicable to their particular circumstances.

Substantial future sales of Common Shares and/or other securities by Quarterhill and/or our existing shareholders, or the perception that such sales may occur, could cause the market price of the Common Shares to decline, even if our business is performing well.

If we and/or our existing shareholders, including any of our directors or executive officers, sell Common Shares and/or other securities in the public market in the future, or are perceived by the public market as intending to sell Common Shares and/or other securities, the trading price of the Common Shares could decline. While insiders holding Common Shares are subject to certain blackout periods and applicable laws relating to insider trading, such individuals may from time-to-time trade in securities of the Company, which could have an impact on the market price of our securities.

In addition, 4,018,161 restricted stock units that may vest into an equal number of Common Shares, 434,570 performance stock units that may vest into an equal number of Common Shares, and 880,697 deferred stock units that may vest into an equal number of Common Shares were held by our directors and executive officers at December 31, 2025, and additional options, restricted stock units and performance share units convertible, pursuant to their respective terms and the terms of Quarterhill's 2018 Equity

Incentive Plan, into Common Shares continue to vest in accordance with the terms of those options, restricted stock units and performance share units. Any Common Shares issued upon the exercise or vesting of such options, restricted stock units and/or performance share units would be freely tradable upon issue, without restriction, in the public market, subject to blackout periods and applicable laws relating to insider trading.

In addition, the conversion of outstanding Convertible Debentures into Common Shares could have an impact on the trading price of our Common Shares. The Convertible Debentures were issued under an indenture dated October 27, 2021 between Quarterhill and Computershare Trust Company of Canada (the "**Indenture**"). The Convertible Debentures are, pursuant to their terms and the terms of the Indenture, convertible by their holders into Common Shares and may also be redeemed or, in certain circumstances, repaid upon maturity by Quarterhill by way of the issuance of Common Shares without the consent of their holders. The Convertible Debentures mature in 2026, and in connection with such maturity, Quarterhill may be required to repay the outstanding principal amount in cash, convert the outstanding principal amount into Common Shares, or pursue a refinancing of the Convertible Debentures, any of which could have a material impact on Quarterhill's financial position, liquidity, and the trading price of the Common Shares. There can be no assurance that Quarterhill will be able to refinance the Convertible Debentures on terms favourable to Quarterhill, or at all, or that the holders of the Convertible Debentures will not elect to convert their Convertible Debentures into Common Shares prior to or upon maturity, which conversion would result in dilution to existing holders of Common Shares.

In addition, our articles and by-laws allow Quarterhill to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without shareholder approval, and shareholders will have no pre-emptive rights in connection with such further issuances. Including as disclosed above, we may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares).

We cannot predict the size of future issuances of Common Shares and/or other securities or the effect that future issuances and sales of Common Shares and/or other securities will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares and/or other securities, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. If any of these Common Shares and/or other securities (including any Common Shares issued upon the exercise of options, restricted stock units and/or performance share units or upon the conversion, redemption or maturity of the Convertible Debentures) are sold, or if it is perceived that they will be sold, in the public market, the trading price of the Common Shares could decline. With any additional issuance of Common Shares and/or other securities, holders of Common Shares will suffer dilution to their voting power and Quarterhill may experience dilution in our earnings per Common Share.

We may require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to us.

We may need to raise additional funds through public or private debt or equity financings to: fund ongoing operations; fund future acquisitions; take advantage of opportunities, including more rapid expansion of our business or the acquisition of complementary products, technologies or businesses; develop new products and services; respond to competitive pressures; or satisfy obligations arising from the maturity of the Convertible Debentures in 2026, including the repayment of outstanding principal amounts thereunder.

Any additional capital raised through the sale of equity will dilute the percentage ownership of each shareholder in the Common Shares and such dilution may be significant. Additional capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Further, additional financing may not be available on favourable terms, or at all. A failure to obtain additional financing could prevent us from making expenditures that may be required to grow or maintain our operations or from satisfying our obligations under the Convertible Debentures upon their maturity.

We incur increased costs and regulatory burden and devote substantial management time because we are a public company.

As a public company, we incur increased legal, accounting and other costs not incurred by private companies. We are subject to, among other things, the rules and regulations of the Canadian Securities Administrators as well as the rules and regulations implemented by the TSX and the OTCQX Best Market. Compliance with these requirements increases our legal and financial compliance costs and makes some activities more time consuming and costly. In addition, our management and other personnel need to divert attention from operational and other business matters to devote substantial time to these public company requirements. We have made, and will continue to make, changes to our financial management control systems and other areas to manage our obligations as a public company, including corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. However, we cannot provide assurance that these and other measures that we might take will be sufficient to allow us to satisfy our obligations as a public company on a timely basis.

The financial reporting obligations of being a public company are expensive and time consuming, and place significant additional demands on management.

The obligations of being a public company require significant expenditures and place significant demands on our management. We require an annual audit of our consolidated financial statements to be attested to by an independent auditing firm. If an independent auditing firm is unable to provide us with an unqualified auditor's report, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of the Common Shares.

Compliance with changing regulation of corporate governance may result in additional expenses.

Changing laws, regulations, and standards relating to corporate governance and public disclosure can create uncertainty for public companies. The costs required to comply with such evolving laws are difficult to predict. To maintain high standards of corporate governance and public disclosure, we intend to invest all reasonably necessary resources to comply with evolving standards. This investment may result in an unforeseen increase in general and administrative expenses and a diversion of management's time and attention from revenue-generating activities, which may harm our operating results.

Changes in financial accounting or taxation standards, rules, practices or interpretations may cause adverse unexpected revenue and expense fluctuations which may impact our reported results of operations.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards which are subject to interpretations by the various Canadian Securities Administrators and various accounting bodies. We are also subject to various tax laws in many jurisdictions which are generally complex, frequently changing and often ambiguous. Changes to tax laws, changes to financial accounting standards or any changes to the interpretations of these standards or rules may adversely affect our reported financial results or the way in which we conduct business.

Failure to maintain an effective system of internal controls may result in Quarterhill not being able to accurately report financial results or to prevent fraud.

We require effective internal controls to provide reliable financial reporting and effectively prevent fraud. Any system of internal control over financial reporting, regardless of how well designed, operated and evaluated, can only provide reasonable, not absolute, assurance that its objectives have been, are being or will be met. We cannot be certain that material weaknesses or significant deficiencies in internal controls may not exist or can be discovered now or in the future. Although unlikely, any such weaknesses or deficiencies could result in misstatements of our financial statements, an inability to file timely periodic reports, a decline in share price and investor confidence, or other material impacts to our businesses, reputation, results of operations, financial condition or liquidity.

An investor may be unable to bring actions or enforce judgments against us and certain of our directors and officers.

Quarterhill is incorporated under Canadian law and our principal executive offices are located in Canada. Most of our directors and officers and our independent public accounting firm reside principally outside the U.S. and all or a substantial portion of our assets and the assets of these persons are located outside the U.S. Consequently, it may not be possible for an investor to effect service of process within the U.S. on us or those persons. Further, it may not be possible for an investor to enforce judgments obtained in U.S. courts based upon the civil liability provisions of U.S. federal securities laws or other laws of the U.S. against us or those persons.

Our actual financial results may vary from our publicly disclosed forecasts.

Our actual financial results are likely to vary from any publicly disclosed forecasts and these variations could be material and adverse. We may periodically provide guidance on future financial results which reflect numerous assumptions concerning expected performance, as well as other factors that are beyond our control and which may not turn out to be correct. Although we believe the assumptions underlying any such guidance and other forward-looking statements are reasonable when they are made, actual results could be materially different. Our financial results are subject to numerous risks and uncertainties, including those identified throughout these risk factors. See also "*Forward Looking and Other Statements*".

If our actual results vary from any announced guidance, the price of the Common Shares may decline, and such a decline could be substantial. Except as required under applicable securities legislation, we do not undertake to update any guidance or other forward-looking information we may provide, whether as a result of new information, future events or otherwise.

Changes to our tax assets or liabilities could have an adverse effect on our consolidated financial condition or results of operations.

The calculation of tax assets and liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. We are subject to examinations by local governmental tax authorities on various tax matters in the jurisdictions in which we or our operating subsidiaries conduct business, including challenges to various positions adopted in our filings and foreign tax liability and withholding. We generally recognize tax assets and contingencies when they are determined to be more likely than not to occur. Although we believe we have adequately recorded tax assets and accrued for tax contingencies that meet this criterion, we may not fully recover recorded tax assets or may be required to pay taxes in excess of accrued amounts, each of which could have an adverse effect on our consolidated financial condition or results of operations.

Certain Canadian laws could delay or deter a change of control.

The *Investment Canada Act* (Canada) subjects an acquisition of control of Quarterhill by a non-Canadian to government review if the value of our assets as calculated pursuant to the legislation exceeds a certain threshold amount. A reviewable acquisition may not proceed unless the relevant Canadian federal government minister is satisfied that the investment is likely to be a net benefit to Canada. This could prevent or delay a change of control and may eliminate or limit strategic opportunities for shareholders to sell their Common Shares.

Our authorized capital permits our directors to issue preferred shares which may prevent a takeover by a third party.

Quarterhill's authorized share capital consists of an unlimited number of Common Shares, 6,350.9 special preferred shares and an unlimited number of preferred shares, issuable in series. There are no special preferred shares or preferred shares outstanding. Our Board has the authority to issue preferred shares and determine the price, designation, rights, preferences, privileges, restrictions and conditions, including dividend rights, of these shares without any further vote or action by shareholders. The rights of the holders of Common Shares will be subject to, and may be adversely affected by, the rights of holders of any preferred shares that may be issued in the future. Our ability to issue preferred shares could make it more difficult for a third party to acquire a majority of the outstanding Common Shares, the effect of which may be to deprive our shareholders of a control premium that might otherwise be realized in an acquisition.

5. Dividends

For each of our three most recently completed fiscal years, the Board has declared the following dividends on the Common Shares (no dividends were paid on any other Quarterhill securities):

Dividend Declaration Date	Dividend Record Date	Dividend Payment Date	Dividend per Common Share
November 9, 2022	December 9, 2022	January 9, 2023	Can$0.0125
March 21, 2023	March 31, 2023	April 11, 2023	Can$0.0125

Each of these dividends has been designated as an "eligible dividend" for the purposes of Canadian federal and provincial income tax laws.

As mentioned above, in connection with the adjustment made to our capital allocation strategy, the Board has not declared any quarterly dividends since the last dividend declared on March 21, 2023, and we do not intend to declare any quarterly dividends on a going forward basis, as we have shifted away from the intellectual property licensing business and focus exclusively on the ITS Industry.

6. Capital Structure

Quarterhill is authorized to issue an unlimited number of Common Shares, 6,350.9 special preferred shares and an unlimited number of preferred shares, issuable in series. We are also authorized to issue the Convertible Debentures. There are no issued or outstanding special preferred shares or preferred shares.

On December 31, 2025, 118,992,746 Common Shares were issued and outstanding. In addition, we had the following securities which are convertible into Common Shares outstanding as at December 31, 2025: (a) options outstanding to purchase up to 3,705,132 Common Shares, (b) 924,246 deferred stock units outstanding, (c) 7,445,259 restricted stock units outstanding, and (d)

2,000,259 performance stock units outstanding. In addition, at December 31, 2025, we had outstanding Convertible Debentures with an aggregate principal amount of Can$57,500,000.

The following is a summary of the rights, privileges, restrictions and conditions attaching to our Common Shares, special preferred shares, preferred shares and Convertible Debentures.

Common Shares

The holders of Common Shares are entitled to notice of and to vote at all meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per share. Subject to the preferences accorded to holders of preferred shares and any other shares ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. In the event of the liquidation, dissolution or winding-up of Quarterhill, or any other distribution of assets among our shareholders for the purpose of winding-up our affairs (any such event, a "**Distribution**"), holders of Common Shares, subject to the preferences accorded to holders of preferred shares and any of Quarterhill's other shares ranking senior to the Common Shares from time to time with respect to payment on a Distribution, are entitled to share equally, share for share, in our remaining property.

Special Preferred Shares

The holders of our special preferred shares are not entitled, subject to applicable law, to receive notice of or to attend any meeting of Quarterhill's shareholders and are not entitled to vote at such meetings. The special preferred shares rank ahead of all other classes of our shares with respect to the payment of dividends and the holders are entitled to receive a fixed non-cumulative dividend up to a maximum of Can$3.50 per year. In the event of a Distribution, the holders of special preferred shares are entitled to receive Can$50.00 per share together with any declared but unpaid dividends prior to any payment or distribution to any of our other classes of shares, but shall not be entitled to share any further in the Distribution. The Board may, at its option, redeem all or any of the special preferred shares at any time for Can$50.00 per share plus the amount of any declared but unpaid dividends. Each holder of special preferred shares may require Quarterhill to redeem all or any of their shares at any time after April 28, 2000 for Can$50.00 plus the amount of any declared but unpaid dividends.

Preferred Shares

Our preferred shares at any time and from time to time may be issued in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. From time to time the Board may fix, before the designation of a series, the rights, privileges, restrictions and conditions attaching to each series of preferred shares including, without limiting the generality of the foregoing: the amount, if any, specified as being payable preferential to such series on a Distribution; the extent, if any, of further participation in a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of Quarterhill, or any other Distribution, holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any of our other shares ranking junior to the preferred shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution. The holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any of our other shares ranking junior to the preferred shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of preferred shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

Convertible Debentures

On October 27, 2021, we completed a public offering of Convertible Debentures in the aggregate principal amount of Can$57,500,000 (including the full exercise of an over-allotment option by the underwriters), which Convertible Debentures were issued pursuant to and are subject to the terms and provisions of the Indenture. The following summary of certain provisions of the Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Indenture, a copy of which is available on SEDAR+ at www.sedarplus.ca.

The Convertible Debentures have a maturity date of October 30, 2026 (the "**Maturity Date**") and bear interest at a rate of 6.00% per annum, payable semi-annually not in advance, on October 31 and April 30 in each year, commencing on April 30, 2022, and are convertible at the option of their holders into Common Shares at a conversion rate of 263 Common Shares per Can$1,000 principal amount of Convertible Debentures, resulting in an effective conversion price of Can$3.80 (the "**Conversion Price**").

On or after October 31, 2024 and prior to October 31, 2025, the Convertible Debentures were available to be redeemed by Quarterhill, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price per Common Share on the TSX for the 20 consecutive trading days ending on the fifth trading day immediately preceding the date on which notice of redemption is given (the "**Current Market Price**") is not less than 125% of the Conversion Price.

On or after October 31, 2025 and prior to the Maturity Date, the Convertible Debentures may be redeemed, in whole or in part, at Quarterhill's option on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest. Subject to required regulatory approval and provided that there is not a current event of default (as defined in the Indenture), we may, at our option, elect to satisfy our obligation to pay the principal amount of the Convertible Debentures on redemption or at maturity, in whole or in part, through the issuance of freely tradable Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the Convertible Debentures which are to be redeemed or have matured by 95% of the Current Market Price. Any accrued or unpaid interest will be paid in cash.

7. Market for Securities

Trading Price and Volume of Common Shares

The Common Shares are listed and posted for trading on the TSX under the symbol "QTRH". The volume of trading and price range of the Common Shares for the periods indicated are set forth below.

Month	Volume	High Trading Price	Low Trading Price
January 2025	1,783,566	$1.74	$1.55
February 2025	973,808	$1.72	$1.58
March 2025	1,167,185	$1.68	$1.45
April 2025	1,111,759	$1.48	$1.30
May 2025	1,934,151	$1.66	$1.35
June 2025	1,221,920	$1.43	$1.33
July 2025	3,202,752	$1.42	$1.26
August 2025	2,206,549	$1.33	$1.03
September 2025	2,919,942	$1.33	$1.03
October 2025	2,011,780	$1.13	$1.02
November 2025	3,737,741	$1.16	$0.90
December 2025	2,518,098	$1.03	$0.89

Trading Price and Volume of Convertible Debentures

The Convertible Debentures have been listed and posted for trading on the TSX under the symbol "QTRH.DB" since October 27, 2021. The volume of trading and price range of the Convertible Debentures for the periods indicated are set forth below.

Month	Volume	High Trading Price	Low Trading Price
January 2025	226,000	$96.73	$95.56
February 2025	100,000	$97.00	$96.30
March 2025	383,000	$97.25	$96.55
April 2025	224,000	$97.00	$95.50
May 2025	691,000	$97.51	$96.02
June 2025	216,000	$97.75	$96.13
July 2025	2,657,000	$100.68	$96.77
August 2025	330,000	$100.50	$96.50
September 2025	175,000	$103.00	$98.00
October 2025	1,241,000	$101.25	$99.50
November 2025	4,360,000	$100.00	$98.50
December 2025	181,000	$100.00	$97.35

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2025:

Date of Issuance	Securities	Number of Common Shares Issued/Issuable or Aggregate Amount	Price/Exercise Price per Security (Can$)
March 18, 2025	DSUs[2]	7,752	-
March 18, 2025	RSUs[1]	645,000	-
March 21, 2025	RSUs[1]	500,000	-
May 16, 2025	PSUs[3]	1,837,113	-
May 16, 2025	RSUs[1]	1,837,113	-
June 17, 2025	PSUs[3]	103,455	-
June 17, 2025	RSUs[1]	103,455	-
August 14, 2025	DSUs[2]	487,814	-
September 18, 2025	PSUs[3]	59,691	-
September 18, 2025	RSUs[1]	59,691	-
November 7, 2025	RSUs[1]	4,000,000	-
November 10, 2025	DSUs[2]	20,408	-
November 10, 2025	RSUs[1]	150,000	-
December 8, 2025	RSUs[1]	150,000	-

Notes:

(1) Means a restricted stock unit of Quarterhill granted pursuant to Quarterhill's 2018 Equity Incentive Plan (the "**Plan**").
(2) Means a deferred stock unit of Quarterhill granted pursuant to the Plan.
(3) Means a performance stock unit of Quarterhill granted pursuant to the Plan.

8. Directors and Officers

Directors

The following table sets forth the name, province or state and country of residence of each member of the Board, their position with Quarterhill and the year in which they joined the Board. The term of office for each of the directors will expire at the time of the next annual shareholders' meeting.

Name and Province / State of Residence	Position Held with Quarterhill	First Year as a Director
Asha Daniere [1][2][3] Ontario, Canada	Director, Environmental, Social & Governance and Nominating Committee Chair	2025
Pasquale T. (Pat) Deon, Sr.[2][3] Pennsylvania, USA	Director, Compensation Committee Chair	2024
Burland East California, USA	Director	2026
Rusty Lewis Pennsylvania, USA	Director, Chair of the Board	2022
Chuck Myers Texas, USA	Director, Chief Executive Officer	2023
Robin Saunders [2][3] London, England	Director	2025
Stephen A. Smith [1][3] Ontario, Canada	Director, Audit Committee Chair	2025

(1) Audit Committee member
(2) Compensation Committee member
(3) Environmental, Social & Governance and Nominating Committee member

As at March 19, 2026, as a group, our directors and executive officers beneficially owned, directly or indirectly, or exercised control over approximately 5,005,056 Common Shares, representing approximately 4.20% of the outstanding Common Shares at that date.

Except as disclosed below, each of the members of the Board has been engaged for more than five years in their present principal occupation or in other capacities with the organization (or predecessor thereof) in which they currently hold their principal occupation. The information provided below has been provided by the individuals themselves and has not been independently verified by us.

- **Asha Daniere**: 2020 to present – Principal at Asha P. Daniere Professional Corporation. Presently a director of MEGA Uranium Inc. (TSX:MGA), a uranium mining company, since 2024. Previously served on the boards of Proactive Inc., SRX Health Solutions, Canopy Rivers Inc. (CSE:RIV), and MDC Partners, Inc. (NASDAQ:STGW). Currently serves as Chair of the Corporate Governance Committee of the Toronto International Film Festival.

- **Pasquale T. (Pat) Deon, Sr.**: 2002 to present – Chairman, and currently Vice Chairman, of the Pennsylvania Turnpike Commission, the agency operating the controlled-access toll road of the same name. 1999 to 2024: Chairman of the Southeastern Pennsylvania Transportation Authority, a regional public transportation authority operating in five counties in and around Philadelphia, Pennsylvania. Mr. Deon has played a pivotal role in advancing large-scale transportation initiatives. He is also an accomplished entrepreneur and community leader with extensive business experience in the real estate, energy, hospitality, and beverage industries.

- **Burland East**: 2025 to present - board member and the CFO of Unmanned Aerospace, a US Navy backed maker of logistics and ISR unmanned aircraft, and presently a Senior Advisor to LDR Capital Management, LLC. Previously, Mr. East has also served on the board of directors of Excel Trust (NYSE: EXL), the Board of Advisors of Senior Resource Group, Redhill Realty Investors and Communidad Realty Partners, the Leadership Council of the Lusk Center for Real Estate at the University of Southern California, the Associate Board of Governors of the National Association of Real Estate Investment Trusts and was a member of Ernst and Young's Audit Committee Network.

- **Rusty Lewis**: 2010 to present – Senior Advisor to Brown Brothers Harriman Capital Partners. 2018 to present – Chairman, Board of Directors of Binswanger, a US private full-service commercial real estate company. 2015 to 2018 – Head of Brown Brothers Harriman's Philadelphia Office for Private Banking. From 1986 to 1994, Mr. Lewis owned and managed Transcore, which led the market in RFID electronic toll collection systems. He ultimately sold Transcore to SAIC (most recently owned by Singapore Electronics) in 1994.

- **Chuck Myers**: May 2023 to present – Chief Executive Officer at Quarterhill. Member of the Board of Advisors of Rx.Health from September 2022 to October 2023. Chief Executive Officer, President and Board Member of Cogniac Corporation, an artificial intelligence software company, from February 2020 to October 2022. Chief Executive Officer of Conundrum Capital, a technology consulting company, from June 2018 to February 2020. Prior thereto, Chief Executive Officer of Airgain, Inc., a NASDAQ-listed wireless technology company, from 2011 to June 2018.

- **Robin Saunders**: January 2004 to present – Founder and Managing Partner of Clearbrook Capital Partners LLP, a London based advisory and investment firm focused on corporate consolidations across numerous sectors. Prior to Clearbrook, Ms. Saunders held executive positions at leading global financial institutions, including Citigroup, Chase, Deutsche Bank and WestLB, specializing in securitization and principal finance. She is also an active investor in global asset managers and technology-driven startups.

- **Stephen A. Smith**: February 2020 to present – Director of Organigram Holdings (TSX:OGI, NASDAQ:OGI), a cannabis company. From 2023 to 2025, Chair of the Board of CanPR Technology Ltd (TSX-V:WPR), an immigration services company. Mr. Smith also serves on the Advisory Board of Harbour Solutions Limited, a private company developing products utilizing coca extract, since 2023. He previously held board positions with other public companies, including MAV Beauty Brands, Freshii Inc., Newstrike Brands, and CST Brands Ltd.

Executive Officers

The following table sets forth the name, province (or state) and country of residence and position with Quarterhill of each person who is an executive officer at the date of this Annual Information Form.

Name and Province / State of Residence	Office(s) with Quarterhill
Chuck Myers Texas, USA	Chief Executive Officer
David Charron Toronto, Canada	Chief Financial Officer
Majorie Winters Texas, USA	General Counsel

Except as disclosed below, each of these executive officers have been engaged for more than five years in their present principal occupations or in other capacities with the organization. The information provided below has been provided by the individuals themselves and has not been independently verified by us.

- **Chuck Myers**: please see Mr. Myers' information above under the heading "Directors".

- **David Charron**: June 2025 to present – Chief Financial Officer of Quarterhill. August 2024 to March 2025 – Chief Financial Officer of Maropost, a unified commerce platform. April 2023 to July 2024 – Chief Financial Officer of Tiny, an acquisition company. November 2021 to April 2023 – Chief Financial Officer of WeCommerce, a technology company.

- **Majorie Winters, JD/MBA**: January 2025 to present – General Counsel of Quarterhill. 2023 to 2025 – General Counsel at Trade Technologies, Inc., a trade finance automation services company. 2021 to 2023 Senior Editor at Thomson Reuters/Practical Law, a global content and technology company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of management, as of the date of this Annual Information Form, none of our directors or executive officers is or was within 10 years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Quarterhill) that: (a) was subject to an order 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 director, chief executive officer or chief financial officer. For the purposes hereof, an "order" means: a cease trade order, an order similar to a cease trade order, or an order that denied any such company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of management, other than as disclosed below, no director, executive officer of Quarterhill or a shareholder holding a sufficient number of securities of Quarterhill to affect materially the control of Quarterhill (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Quarterhill) 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 the date hereof, 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.

Mr. Stephen Smith was a director of MAV Beauty Brand Inc. ("**MAV Beauty**"). On November 14, 2023, MAV Beauty commenced voluntary proceedings under the Companies' Creditors Arrangement Act (Canada) ("**CCAA**") in order to facilitate a restructuring through a going-concern sale of substantially all of the assets of MAV Beauty. On November 20, 2023, the Ontario Securities Commission issued a cease trade order in respect of the trading of MAV Beauty's securities. On December 8, 2023, MAV Beauty completed a sale of substantially all of the assets of the company and its subsidiaries to an affiliate of Nexus Capital Management LP. Following the sale, the TSX delisted MAV Beauty common shares and Mr. Smith resigned as a director of MAV Beauty on December 20, 2023. Mr. Smith was a director of Flow Beverage Corp. ("**Flow Beverage**"). On September 4, 2025, Flow Beverage was placed into receivership on application by its senior secured creditors under the *Bankruptcy and Insolvency Act* (Canada). Substantially all of Flow Beverage's assets were subsequently sold, on a going-concern basis, to an affiliate of its senior secured creditor. On September 19, 2025, the Ontario Securities Commission issued a cease trade order in respect of the trading of Flow Beverage's securities in connection with the receivership proceedings. Following the sale, the TSX delisted Flow Beverage on October 13, 2025. Mr. Smith resigned as a director of Flow Beverage on September 2, 2025.

Penalties or Sanctions

To the knowledge of management, no director, executive officer or shareholder holding a sufficient number of securities of Quarterhill to materially affect the control of Quarterhill has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Quarterhill may be subject to in connection with the operations of the business. In particular, certain directors and officers of Quarterhill and its subsidiaries are associated with other reporting issuers or other corporations, which may give rise to conflicts of interest with Quarterhill.

In accordance with the applicable corporate and securities legislation, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Quarterhill are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Quarterhill. Certain of the directors and each of the executive officers of Quarterhill have either other employment or other business or time restrictions placed on them and accordingly, these directors and officers will only be able to devote part of their time to the affairs of Quarterhill. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable corporate law.

9. Audit Committee Information

Audit Committee Charter

The text of the Audit Committee's Charter is attached at **Appendix "A"** to this Annual Information Form.

Audit Committee Composition

The current members of the Audit Committee are Pasquale T. (Pat) Deon, Sr., Asha Daniere and Stephen A. Smith (Chair), each of whom is "independent" and each of whom is "financially literate" as such terms are defined in National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience

Stephen A. Smith – Mr. Smith holds a Bachelor of Commerce degree from the University of Toronto and a CPA, Chartered Accountant designation from the Ontario Institute of Chartered Accountants. Mr. Smith began his career with PricewaterhouseCoopers and has previously held executive positions including Co-CEO and CFO of Cara Operations Limited (now Recipe Unlimited) and Executive Vice President, CFO of Loblaw Companies Limited. He is an accomplished executive and board member currently serving as a director of Organigram Global (TSX:OGI, NASDAQ:OGI), a cannabis company, and also serves on the Board of Directors of Harbour Solutions Limited, a private company developing products utilizing coca extract. He previously held board positions with other public companies, including CanPR, MAV Beauty Brands, Freshii Inc., Newstrike Brands and CST Brands Ltd. Mr. Smith has been a member of the Board and Chair of the Audit Committee since May 2025.

Pasquale T. (Pat) Deon, Sr. – Mr. Deon is the former Chairman of the Southeastern Pennsylvania Transportation Authority ("**SEPTA**") and current Vice Chairman of the Pennsylvania Turnpike Commission. During his 25-year tenure as the Chairman of SEPTA, the sixth-largest public transit system in the United States, Mr. Deon led significant expansions and technological innovations. Mr. Deon has also been recognized for his leadership roles on several influential boards, including the Delaware River Port Authority, the Greater Philadelphia Chamber of Commerce, the Pennsylvania Convention Centre and Independence Health Group. Mr. Deon also has extensive entrepreneurial experience as a principal of Progressive Management, whose holdings include businesses in the real estate, energy, hospitality, and regulated gaming industries, and he also serves as the Executive Chairman of SportsContentCo, LLC, a data supplier to the sports betting industry. Mr. Deon has been a member of the Board since December 2024 and a member of the Audit Committee since March 2025.

Asha Daniere – Ms. Daniere holds a Bachelor of Arts degree from the University of Toronto and a Juris Doctor degree from Tulane Law School in New Orleans, Louisiana, and is admitted to the bar of both Ontario and New York. Asha Daniere is a Strategic Advisor at Asha P. Daniere Professional Corporation, as well as a current and former board member of several public and private companies. Ms. Daniere is currently a director of MEGA Uranium Inc. (TSX:MGA). Ms. Daniere was previously on the Board of Thunderbird Entertainment Inc (TSXV: TBRD), Proactive Inc., SRX Health Solutions, Canopy Rivers Inc. (CSE:RIV), and MDC Partners, Inc. (NASDAQ:STGW). She is currently the Chair of the Corporate Governance Committee of the Toronto International Film Festival. Ms. Daniere has been providing strategic and legal advice to clients in the media, entertainment and tech sectors through Asha P. Daniere Professional Corporation since 2020. She was previously the Executive Vice President Legal and Business Affairs at Blue Ant Media Inc. from September 2012 to February 2020. Prior to that, Ms. Daniere has held several management positions in both public and private companies, as well as an associate position at White & Case LLP, a New York-based law firm. Ms. Daniere has been a member of the Board and Audit Committee since May 2025.

Audit Committee Oversight

At no time since the commencement of Quarterhill's most recently completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

Pre-approval Policies and Procedures

The following describes our policy relating to the engagement of our external auditors for the provision of non-audit services.

When requiring the use of accounting, taxation and other consulting services, we will not utilize the services of our current external auditor where the delivery of the service may create a potential or perceived conflict of interest. Consulting services which require subsequent external auditing cannot be performed by our auditors. For greater clarity, the following consulting services do not present a conflict of interest: acquisition due diligence services; advice relating to the accounting treatment of new accounting pronouncements or services ancillary to the audit; preparation of corporate tax returns; and advice on tax related matters.

Non-audit services to be provided by the external auditors must be pre-approved by the Audit Committee.

External Auditor Service Fees (1)

	Fiscal 2024	Fiscal 2025
Audit Fees (2)	Can$693	Can$880
Audit-related Fees (3)	110	45
Tax Fees (4)	-	-
All Other Fees (5)	7	-
Total Fees Billed	Can$810	Can$925

Notes:

(1) All amounts (including in these notes) are in thousands of Canadian dollars.

(2) "Audit Fees" consist of the aggregate fees of Ernst & Young LLP, Quarterhill's auditors, for professional services rendered by them for the audit of our annual financial statements, our internal control over financial reporting, reading our MD&A, and related services that are normally provided by them in connection with statutory and regulatory filings or engagements.

(3) "Audit-related Fees" consist of the aggregate fees billed by Ernst & Young LLP for assurance and related services rendered by them that are reasonably related to the performance of the audit or review of our financial statements and are not reported as Audit Fees. Professional services provided include review and "selected procedures" of quarterly financial statements, auditor transition fees, prospectus review fees and accounting advice on certain matters.

(4) "Tax Fees" consist of the aggregate fees billed by Ernst & Young LLP for professional services rendered by them for tax compliance, tax advice and tax planning. Tax services included advisory services and review and filing of annual income tax returns.

(5) "All Other Fees" consist of fees billed by Ernst & Young LLP for products and services other than Audit Fees, Audit Related Fees and Tax Fees.

Information Security Matters

As set out in the Audit Committee's Charter, in addition to its other responsibilities, our Audit Committee is required to review, discuss with senior management, assess and make recommendations to the Board regarding Quarterhill's privacy and information/cybersecurity risk exposures including, without limitation, the following: (1) the potential impact of those exposures on Quarterhill's and its subsidiaries' respective businesses, operations and reputations; (2) the steps senior management has taken to monitor and mitigate such exposures and any insurance coverage relating to such exposures; (3) material security breach incidence reports and incident response protocols, including crisis management and disaster recovery plans; (4) Quarterhill disclosures relating to information/cybersecurity risks; (5) Quarterhill's information/cybersecurity strategy, including the allocation of resources to the management of information/cybersecurity risks; and (6) major legislative and regulatory developments affecting Quarterhill and/or its subsidiaries that could materially impact Quarterhill's or such subsidiaries' respective privacy and information/cybersecurity risk exposure, if any (collectively, "**Information Security Matters**").

Each current member of the Audit Committee has experience and skills relating to Information Security Matters developed in corporate leadership roles.

Despite the requirement to review Information Security Matters "on at least an annual basis", the Audit Committee requires Quarterhill management to provide updates as to all Information Security Matters, including with respect to management's information security training programs, at each regularly scheduled quarterly meeting of the Audit Committee. In addition, Quarterhill management is required to immediately advise the Audit Committee of any material information security events.

Quarterhill and its operating subsidiaries have implemented industry leading technologies with respect to Information Security Matters to identify and mitigate information security risks to the organization. In addition, Quarterhill and its operating subsidiaries have implemented an awareness program relating to Information Security Matters for all employees.

10. Legal Proceedings and Regulatory Actions

In the normal course of our business, we and our operating subsidiaries are subject to various legal claims, as well as potential legal claims. While the results of litigation and claims cannot be predicted with certainty, we do not believe that any litigation to which we or our operating subsidiaries are party involves a claim for damages against us or any of our subsidiaries, exclusive of interest and costs, in excess of 10% of our consolidated current assets, nor do we believe that any liability arising from any such litigation will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

There are no: (a) penalties or sanctions imposed against Quarterhill by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2025; (b) other penalties or sanctions imposed by a court or regulatory body against Quarterhill that would likely be considered important to a reasonable investor in making an investment decision; and (c) settlement agreements Quarterhill entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2025.

11. Interests of Management and Others in Material Transactions

Except as described elsewhere in this Annual Information Form, there is no material interest, direct or indirect, of any: (a) director or executive officer of Quarterhill; (b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Quarterhill's voting securities; and (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) above, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Quarterhill.

12. Transfer Agent and Registrar

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario. The registrar and transfer agent for the Convertible Debentures is Computershare Trust Company of Canada at its offices in Toronto, Ontario.

13. Material Contracts

We did not enter into any material contracts during our 2025 fiscal year other than in the ordinary course of our business and we are not currently party to any material contracts entered into in prior fiscal years that are still in effect other than in the ordinary course of our business, except for the following:

- the Indenture dated October 27, 2021 between Quarterhill and Computershare Trust Company of Canada relating to the Convertible Debentures (see "*Risk Factors – Risks Related to Our Common Shares and Convertible Debentures*"); and

- the ITS Credit Agreement dated September 1, 2021 between Quarterhill ITS and HSBC Bank Canada and the other Lenders from time to time party thereto as amended on September 16, 2021, December 21, 2021, April 29, 2022, March 21, 2023, June 27, 2023 and August 6, 2025 (see "*General Development of the Business – Three Year History*").

14. Interests of Experts

The audited consolidated financial statements and notes of Quarterhill and its subsidiaries for the year ended December 31, 2025 have been audited by Ernst & Young LLP ("EY"), Chartered Professional Accountants. EY was appointed as the Company's independent auditors by the shareholders of the Company upon the recommendation of the Board of Directors at its Annual General Meeting held on May 12, 2025. To the knowledge of the Board, EY is independent of Quarterhill in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants Ontario. A copy of the audited consolidated annual financial statements and notes of Quarterhill, including the auditors' report thereon, is available at SEDAR+ at www.sedarplus.ca.

15. Additional Information

Additional information relating to Quarterhill may be found on Quarterhill's profile on SEDAR+ at www.sedarplus.ca. Additional information with respect to Quarterhill, including remuneration and indebtedness of directors and officers, principal holders of our securities and securities authorized for issuance under equity compensation plans is contained in Quarterhill's management information circular in respect of our most recent meeting of securityholders that involved the election of directors.

Additional financial information is provided in our audited financial statements and management's discussion and analysis for our 2025 fiscal year. Additional information relating to Quarterhill may be found on the SEDAR+ website at www.sedarplus.ca.

Appendix "A" – Audit Committee Mandate

QUARTERHILL INC.
AUDIT COMMITTEE CHARTER

1. Policy Statement

(a) Quarterhill Inc. ("**Quarterhill**") has established and maintains an Audit Committee (the "**Committee**") to assist Quarterhill's directors (individually, each, a "**Director**" and collectively the "**Board**") in carrying out the Board's oversight responsibility for accounting, internal controls, financial reporting, audits of financial statements and enterprise risk management processes of Quarterhill and its subsidiaries.

(b) The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including appropriate administrative support. Without limiting the generality of the foregoing, Quarterhill shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Quarterhill (the "**Auditors**"); (b) compensation to any advisers employed by the Committee under Section 4(c)(iii) below; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(c) If determined appropriate by the Committee, and with the Board's prior approval, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or other experts, with the cost borne by Quarterhill.

(d) The Committee shall have unrestricted access to the Auditors, is authorized to seek any information that it requires from any employee and shall direct employees to co-operate with requests made by the Committee.

2. Composition of Committee

(a) The Committee shall consist of a minimum of three Directors (the "**Members**") appointed by the Board. The Members shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the Member's earlier death, resignation, disqualification or removal. A Member shall cease to be a Member upon ceasing to be a member of the Board. The Board may remove any Member from the Committee at any time with or without cause. If a vacancy on the Committee exists, the remaining Members shall exercise all of the Committee's powers so long as a quorum exists. The Board shall appoint one Member to be the chairperson of the Committee (the "**Chair**"). Subject to the foregoing, the Board shall determine the Chair's term of office.

(b) All of the Members shall be Directors who are "independent" within the meaning of National Instrument 52-110 – *Audit Committees*.

(c) All Members must be "financially literate" as such term is used in National Instrument 52-110 – Audit Committees.

3. Meetings of the Committee

(a) The Committee will convene a minimum of 4 times each year at such times and places as may be determined by the Chair, and whenever a meeting is requested by the Board, a Member, the Auditors or Quarterhill's senior management. Scheduled meetings of the Committee will correspond with the review of the quarterly and year-end financial statements, management discussion and analysis, and related press releases. The presence in person, virtually, or by telephone of a majority of the Committee's members shall constitute quorum for any meeting of the Committee.

(b) The provisions of Quarterhill's applicable By-Laws will govern the calling of and procedures for any meeting of the Committee.

(c) In the absence of the Chair, the Members may choose one of the Members present to be chair of the meeting. In addition, the Members may choose one of the persons present to be the secretary of the meeting.

(d) Each Director who is not a Member may attend any meetings of the Committee as an observer.

(e) The Committee may invite the Auditors to be present at any meeting of the Committee and to comment on any financial statements or on any of the financial aspects of Quarterhill.

(f) The Committee shall meet with the Auditors separately from individuals other than the Committee and may meet separately with management of Quarterhill.

(g) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting. The Chair shall make the minutes of the meetings of the Committee available to all members of the Board and the Auditors.

(h) The Committee shall report its decisions, deliberations, the results of its activities and any reviews undertaken, and make recommendations to the Board as considered appropriate or necessary, promptly after each Committee meeting. In addition, the Committee shall report to the Board on the following matters set out in this Charter, and such additional matters it deems appropriate: (i) the Auditors' independence; (ii) the Auditors' performance and the Committee's recommendation regarding appointment of the Auditor; (iii) the adequacy of the internal controls; (iv) the Committee's review of Quarterhill's annual and interim financial statements, and any generally accepted accounting principles reconciliation, including any issues respecting the quality and integrity of financial statements, along with the management discussion and analysis; (v) Quarterhill's compliance with legal and regulatory matters and any related affect the financial statements; (vi) Quarterhill's risk management protocols and any material risks identified, and (vii) the discharge of the Committee's duties under this Charter.

4. <u>Duties and Responsibilities of the Committee</u>

(a) The Committee, in its capacity as a committee of the Board, is directly responsible for the appointment (through nomination by the shareholders), compensation, retention and oversight of the work of the Auditors, and the Auditors must report directly to the Committee. Specifically, the Committee will select, evaluate and recommend to the Board for nomination the external auditors to be proposed for appointment or reappointment, as the case may be, by the shareholders, and will have responsibility for determining at any time whether the Board should recommend to Quarterhill's shareholders whether the incumbent Auditors should be removed from office.

(b) The other primary duties and responsibilities of the Committee are to:

(i) identify and monitor the management of the principal risks that could impact the financial reporting of Quarterhill;

(ii) monitor the integrity of Quarterhill's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

(iii) monitor the independence, objectivity and performance of the Auditors, including, without limitation: (1) ensuring the Committee's receipt from the Auditors at least annually of a formal written statement delineating all relationships between the Auditors and Quarterhill; (2) actively engaging in dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors; and (3) taking, or recommending that the Board take, appropriate action to oversee the independence of the Auditors;

(iv) deal directly with the Auditors to approve external audit plans, other services (if any) and fees;

(v) directly oversee the external audit process and results (in addition to items described in Section 4(e) below);

(vi) provide an avenue of communication between the Auditors, management and the Board; and

(vii) establish procedures for (1) the receipt, retention and treatment of complaints received by Quarterhill regarding accounting, internal accounting controls, or auditing matters, (2) the confidential, anonymous submission by employees of Quarterhill and its subsidiaries regarding questionable accounting or auditing matters, and (3) reviewing arrangements by which Quarterhill employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for proportionate and independent investigation and follow-up action.

(c) The Committee shall have the authority to:

(i) inspect any and all of Quarterhill's and its subsidiaries' books and records;

(ii) discuss with the management of Quarterhill and its subsidiaries, any affected party and the Auditors, such accounts, records and other matters as any Member considers appropriate;

(iii) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(iv) set and pay, with any such costs borne by Quarterhill, the compensation for any advisors engaged by the Committee.

(d) The Committee shall:

(i) review the annual audit plan with the Auditors and with management;

(ii) review with the Auditors the critical accounting policies and practices used by Quarterhill, all alternative treatments of financial information within generally accepted accounting principles that the Auditors have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Auditors;

(iii) discuss with management and the Auditors any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;

(iv) review with management and the Auditors material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;

(v) review any problems experienced or concerns expressed by the Auditors in performing any audit, including any restrictions imposed by management or any material accounting issues on which there was a disagreement with management;

(vi) review with the Auditors any accounting adjustments that were noted or proposed by the Auditors but that were "passed" (as immaterial or otherwise), any communications between the audit team and the Auditors' national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the Auditors to Quarterhill, or any other material written communication provided by the Auditors to Quarterhill's management;

(vii) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;

(viii) review and discuss with management and the Auditors any off-balance sheet transactions or structures and their effect on Quarterhill's financial results and operations, as well as the disclosure regarding such transactions and structures in Quarterhill's public filings;

(ix) review the audited annual financial statements (including management discussion and analysis) and related documents in conjunction with the report of the Auditors and obtain an explanation from management of all material variances between comparative reporting periods, and, upon satisfactory completion if its review, recommend the audited annual financial statements (including the management discussion and analysis) and report of the Auditors for Board approval. The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on (1) significant accounting policies, including any changes made to them and the effect this may have on Quarterhill, (2) significant estimates and assumptions, (3) significant adjustments resulting from the audit, (4) any going concern assumptions, (5) compliance with accounting standards, (6) investigations and litigation undertaken by regulatory authorities, and (7) the impact of unusual transactions;

(x) consider and review with management, the internal control memorandum, if any, or management letter containing the recommendations of the Auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls and procedures for financial reporting of Quarterhill and subsequent follow-up to any identified weaknesses;

(xi) to the extent that it deems appropriate, review with management its evaluation of Quarterhill's procedures and controls designed to assure that information required to be disclosed in Quarterhill's periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by the appropriate regulatory authority for the filing of such reports ("**Disclosure Controls**"), and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such Disclosure Controls;

(xii) review with management and the Auditors the quarterly unaudited financial statements (including management discussion and analysis) and, upon satisfactory completion if its review, recommend to the Board that it approve the quarterly unaudited financial statements (and accompanying management discussion and analysis);

(xiii) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including without limitation any prospectuses, annual reports, annual information forms, management discussion and analysis, earnings press releases and any other related press releases required by applicable securities commissions or stock exchange;

(xiv) review with management on a periodic basis the procedures surrounding the disclosure of financial information extracted or derived from Quarterhill's financial statements and assess the adequacy of these procedures;

(xv) discuss with management and the Auditors any correspondence with regulatory or governmental agencies that raise material issues regarding Quarterhill's financial statements or accounting policies;

(xvi) pre-approve all audit and non-audit services to be provided to Quarterhill or its subsidiaries by the Auditors; provided that, notwithstanding the foregoing provisions of this Section 4(d)(xvii), such pre-approval of non-audit services may be delegated to any Member, with any decisions of such Member to be reported to the Committee at its next scheduled meeting;

(xvii) approve the engagement letter for non-audit services to be provided by the Auditors or affiliates thereof together with estimated fees and consider the potential impact of such services on the independence of the Auditors;

(xviii) when there is to be a change of Auditors, review all issues and, if necessary, provide documentation related to the change, including the information to be included in the notice of change of auditors and documentation required pursuant to the then current legislation, rules, policies and instruments of applicable regulatory authorities and the planned steps for an orderly transition period; and

(xix) review, discuss with senior management, assess and make recommendations to the Board regarding Quarterhill's privacy and information/cybersecurity risk exposures including, without limitation, the following: (1) the potential impact of those exposures on Quarterhill's and its subsidiaries' respective businesses, operations and reputations; (2) the steps senior management has taken to monitor and mitigate such exposures and any insurance coverage relating to such exposures; (3) material security breach incidence reports and incident response protocols, including crisis management and disaster recovery plans; (4) Quarterhill disclosures relating to information/cybersecurity risks; (5) Quarterhill's information/cybersecurity strategy, including the allocation of resources to the management of information/cybersecurity risks; and (6) major legislative and regulatory developments affecting Quarterhill and/or its subsidiaries that could materially impact Quarterhill's or such subsidiaries' respective privacy and information/cybersecurity risk exposure, if any.

(e) The Committee shall enquire into and recommend to the Board the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of Quarterhill, the Auditors or senior management.

(f) Review with the CEO and the CFO any report on significant deficiencies in the design or operation of the internal controls that could adversely affect Quarterhill's ability to record, process, summarize or report financial data, any material weaknesses in internal controls identified to the Auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in Quarterhill's internal controls.

(g) The Committee shall discuss with management Quarterhill's process for performing its quarterly certifications pursuant to National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*.

(h) The Committee shall review and approve Quarterhill's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors.

(i) The Committee shall review with Quarterhill's legal counsel, on no less than an annual basis, any legal matter that could have a material impact on Quarterhill's financial statements and any enquiries received from regulators or government agencies.

(j) The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee, and recommend any proposed changes to the Board for approval.

(k) The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

5. <u>Chairperson</u>

The Chair's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and is working effectively. Specifically, the Chair will:

(a) chair meetings of the Committee;

(b) in consultation with the Board, the Auditors (if necessary), Quarterhill's Chief Executive Officer and such other Quarterhill executives as deemed necessary, set the agenda for the meetings of the Committee and ensure that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;

(c) assign work to Members;

(d) act as liaison and maintain communication with the Board and its Chairperson to optimize and co-ordinate input from Directors and to optimize the effectiveness of the Committee; and

(e) provide leadership to the Committee with respect to its functions as described in the Committee's Charter and as otherwise may be appropriate.