Quarterhill Inc.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2026 and 2025

November 10, 2026

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INTRODUCTION

This Management's Discussion and Analysis of Quarterhill Inc. (this "MD&A") is dated November 10, 2026. References in this MD&A to "Quarterhill", "the Company", "we", "us" and "our" refer to Quarterhill Inc. and its consolidated subsidiaries during the periods presented, unless the context requires otherwise. References to "Common Shares" in this MD&A refer to common shares in the capital of Quarterhill. References to "Convertible Debentures" in this MD&A refer to Quarterhill's 6.0% Convertible Unsecured Subordinated Debentures due October 30, 2026.

The Common Shares are listed under the symbol "QTRH" on the Toronto Stock Exchange (the "TSX") and the Common Shares are listed on the United States OTCQX Best Market (the "OTCQX") under the symbol "QTRHF". The Convertible Debentures, which were listed on the TSX under the symbol "QTRH.DB", were repaid in full on October 30, 2026.

Quarterhill is a growth-oriented Canadian company operating in the intelligent transportation system ("ITS") industry. We are a global leader in ITS that manages attractive technology companies in the intelligent transportation systems industry and its adjacent markets.

This MD&A provides information for the three and nine months ended September 30, 2026 and up to and including November 10, 2026. This MD&A should be read in conjunction with Quarterhill's interim condensed consolidated financial statements ("financial statements") and the notes thereto for the three and nine months ended September 30, 2026, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and, specifically, International Accounting Standards ("IAS") 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

Unless otherwise indicated, all financial information in this MD&A is reported in thousands of United States ("U.S.") dollars, except for Common Share and loss per share data which is reported in number of Common Shares and U.S. dollars, respectively. The tables and charts included in this document form an integral part of this MD&A.

This MD&A has been prepared with reference to National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators. Additional information filed by us with the Canadian Securities Administrators, including quarterly reports, annual reports and our Annual Information Form for the year ended December 31, 2025 (our "AIF"), is available online at www.sedarplus.ca and also on our website at www.Quarterhill.com.

Quarterhill and our operating subsidiaries operate in ever-changing business and competitive economic environments that expose us to a number of risks and uncertainties, many of which are discussed under the heading "Risks and Uncertainties" in this MD&A and under the heading "Risk Factors" in our AIF available online at www.sedarplus.ca.

Our management is responsible for establishing appropriate information systems, procedures and controls to ensure that all financial information disclosed externally, including in this MD&A, and used internally by us, is complete and reliable. These procedures include the review and approval of our financial statements and associated information, including this MD&A, first by our management's Disclosure Committee, then by the Audit Committee of our Board of Directors (the "Board") and, finally, by our Board as a whole.

THIRD QUARTER 2026 HIGHLIGHTS

Business Performance

Revenues for the three and nine months ended September 30, 2026 were $43,157 and $124,282 compared to $39,743 and $116,707 in the comparative prior year periods, respectively. Revenues for the three and nine months ended September 30, 2026 increased compared to the prior year, reflecting overall growth in the business.

During the three months ended September 30, 2026, through our wholly owned subsidiaries, we extended operations contracts worth $40 million. We also closed a bought deal offering of 20,867,100 Common Shares for gross proceeds of C$51,750 and net proceeds of $35,225. See Capital and Liquidity section for more details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information within the meaning of Canadian securities laws, including such statements relating to:

- assumptions and expectations described in our critical accounting policies and estimates;
- our expectation regarding the adoption and impact of certain accounting pronouncements;
- our expectation regarding the growth rates of our subsidiaries' businesses;
- our estimates regarding our effective tax rate;
- our expectations regarding our ability to acquire additional businesses to further our growth; and
- our expectations with respect to the sufficiency of our financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "would", "intend", "believe", "plan", "continue", "project", "could", the negatives of these words or other variations on these words, comparable terms and similar expressions are intended to identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information are based on estimates and assumptions made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances. With respect to forward-looking statements contained herein, we have made assumptions regarding, but not limited to: our ability to execute on our business plan; successful integration of acquisitions; general economic and industry trends; operating assumptions relating to our operations; demand for our products and services; cost estimates for fixed price contracts; and the other assumptions set forth in our AIF available at www.sedarplus.ca. There are numerous material risk factors that could cause actual results to differ materially from the forward-looking information, including those discussed under the heading "Risks and Uncertainties" in this MD&A and under the heading "Risk Factors" in our AIF available at www.sedarplus.ca.

Quarterhill's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including, but not limited to: changes in demand for our products and services; general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; the impacts of tariffs or other economic sanctions imposed; reliance on key management personnel; risks related to competition and technological advances; litigation risks; cyber-security risks; fixed price contracts may result in unexpected

costs; risks of health epidemics, pandemics and similar outbreaks; and the other risks set forth in our AIF available at www.sedarplus.ca.

We provide forward-looking statements and forward-looking information to assist external stakeholders in understanding our management's expectations and plans relating to the future as of the date of this MD&A and such statements and information may not be appropriate for any other purposes. The forward-looking statements and forward-looking information in this MD&A are made as of the date of this MD&A only. Readers are cautioned that the foregoing lists of important factors are not exhaustive, and they should not unduly rely on the forward-looking statements included herein. We have no intention and undertake no obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

NON-IFRS FINANCIAL MEASURES AND NON-IFRS RATIOS

Non-IFRS Financial Measures and Non-IFRS Ratios

Quarterhill uses both IFRS and certain non-IFRS financial measures to assess performance. Non-IFRS financial measures are financial measures disclosed by a company that (a) depict historical or expected future financial performance, financial position or cash flow of a company, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from the composition of the most directly comparable financial measure disclosed in the primary financial statements of the company, (c) are not disclosed in the financial statements of the company and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by a company that are in the form of a ratio, fraction, percentage or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the Company.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and, therefore, are unlikely to be comparable to similar financial measures presented by other companies. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition, and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

Adjusted EBITDA - Non-IFRS Financial Measure

In this MD&A, we use the non-IFRS financial measure "Adjusted EBITDA" to mean net income (loss) adjusted for (i) income taxes; (ii) finance expense; (iii) finance income; (iv) amortization of intangible assets; (v) other charges; (vi) depreciation of right-of-use assets and property, plant and equipment; (vii) stock-based compensation; (viii) foreign exchange (gain) loss; (ix) other income which includes equity in earnings from joint ventures; (x) changes in fair value of derivative liability; (xi) change in fair value of investment in other entity; (xii) impairment of asset; and (xiii) non-recurring project costs. Adjusted EBITDA is used by our management to assess our normalized cash generated. Adjusted EBITDA is also a performance measure that may be used by investors to analyze the cash generated by Quarterhill. Adjusted EBITDA should not be interpreted as an alternative to net income (loss) and cash flows from operations as determined in accordance with IFRS or as a measure of

liquidity. The most directly comparable IFRS financial measure is net loss. See the Reconciliation of Net Loss to Adjusted EBITDA within the Overall Performance section of this MD&A.

Adjusted EBITDA per share – Non-IFRS ratio
Adjusted EBITDA per share is calculated as Adjusted EBITDA divided by the basic weighted average of Common Shares. Adjusted EBITDA per share is used by our management and investors to analyze cash generated by Quarterhill on a per share basis. The most directly comparable IFRS measure is basic earnings (loss) per share.

Supplementary Financial Measures

Supplementary financial measures are financial measures disclosed by a company that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of a company, (b) are not disclosed in the financial statements of the company, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios.

Key supplementary measures disclosed in this MD&A are as follows:

Gross margin %
Calculated as gross profit as a percentage of revenue.

Working capital
Calculated as total current assets minus total current liabilities.

DESCRIPTION OF OUR BUSINESS

Quarterhill is a disciplined manager and acquirer of established ITS companies. Our goal is to pursue both organic and inorganic growth that capitalizes on attractive market trends in the ITS industry and its adjacent markets. Additionally, in appropriate circumstances, we may also divest certain assets if favourable conditions for such a divestiture are presented.

Strategy

We are focusing our business on building a consistently profitable company through the management and growth of companies in the ITS industry and its adjacent markets.

We believe that if we increase the share of our revenue derived from recurring sources we will also increase the predictability of our revenues and cash flows. This will allow us to better scale our operations to ensure we meet our strategic mandate of operating profitably regardless of the prevailing economic market conditions as we grow both organically and through acquisitions. In appropriate circumstances, we may also divest certain assets if favourable conditions for such a divestiture are presented.

Our existing businesses are fully described in more detail in our AIF.

Our Business

Our businesses are focused on enhancing safety, mobility, efficiency and environmental performance across road and other transportation infrastructure by providing ITS products, solutions and services. Based on market research, we believe the global ITS industry is expected to exceed $55 billion by 2030[1], influenced by increased

[1] "Intelligent Transportation System Market – Global Forecast to 2029", MarketsandMarkets, July 2025,

urbanization, rising traffic congestion and the growing need for road safety and efficient traffic management solutions. We believe that we are well positioned to capitalize on these trends.

Our businesses are leading providers of essential ITS products, solutions and services with more than 60 years of combined experience in areas such as commercial vehicle enforcement and tolling. Our customers include government transportation and tolling agencies, traffic engineering operators and industrial, and transportation service companies worldwide.

We have predictable and recurring revenue streams derived from selling ITS systems, products and solutions through long-term customer relationships and recurring service contracts. Our businesses offer a portfolio of integrated hardware and software to detect, measure and analyze a variety of transportation metrics which produces a valuable source of analytics and telematics for users. With a variety of product and service offerings throughout our operations in North America and Europe, we believe there is an abundance of opportunity to create scale and efficiencies. We remain focused on building robust cash flows and controlling expenses throughout all our businesses to facilitate a healthy and sustainable balance sheet capable of supporting both our organic and acquisitive growth strategies.

OVERALL PERFORMANCE

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Revenues	**$43,157**	$39,743	**$124,282**	$116,707
Direct cost of revenues	**30,808**	29,288	**89,067**	95,978
Gross profit	**12,349**	10,455	**35,215**	20,729
Operating expenses				
Selling, general and administrative expenses	**12,084**	9,902	**33,911**	27,608
Impairment expense	**63**	-	**1,094**	-
Research and development expenses	**293**	510	**871**	1,291
Depreciation of right-of-use assets	**398**	373	**1,197**	925
Depreciation of property, plant and equipment	**360**	369	**1,079**	1,103
Amortization of intangible assets	**2,274**	2,069	**6,597**	6,089
Other charges	**8,149**	483	**10,664**	807
	23,621	13,706	**55,413**	37,823
Results from operations	**(11,272)**	(3,251)	**(20,198)**	(17,094)
Finance income	**(8)**	(58)	**(57)**	(178)
Finance expense	**2,446**	1,507	**5,976**	4,564
Foreign exchange (gain) loss	**1,299**	(824)	**(1,184)**	2,196
Other income	**(990)**	(98)	**(1,296)**	(3,707)
Change in fair value of investment in other entity	**1,669**	-	**1,669**	-
Change in fair value of derivative liability	**-**	(29)	**-**	(519)
Loss before taxes	**(15,688)**	(3,749)	**(25,306)**	(19,450)
Current income tax expense	**1,096**	734	**2,854**	777
Deferred income tax (recovery) expense	**(324)**	251	**(883)**	(288)
Income tax expense	**772**	985	**1,971**	489
Net loss	**(16,460)**	(4,734)	**(27,277)**	(19,939)
Other comprehensive (loss) income that may be reclassified subsequently to net loss:				
Foreign currency translation adjustment	**(1,746)**	(650)	**(3,712)**	1,856
Comprehensive loss	**($18,206)**	($5,384)	**($30,989)**	($18,083)
Loss per share - Basic and diluted	**($0.13)**	($0.04)	($0.22)	($0.17)

Our revenue streams consist of revenues earned on contracted projects, which are generally recognized over time, product sales, hardware and software system implementations, and service and maintenance contracts. Service and maintenance projects generally range from one to five-year terms but can be renewed with some contracts that could reach up to ten years or more. For project-based work, revenues will routinely vary significantly depending on the timing and nature of the specific projects underway in each reporting period.

Revenues for the three and nine months ended September 30, 2026 were $43,157 and $124,282 compared to $39,743 and $116,707 in the comparative prior year periods, respectively. Revenues for the three and nine

months ended September 30, 2026 increased compared to the prior year, reflecting overall growth in the business.

Gross profit as a value and as a percentage of revenues may be subject to significant variance in each reporting period due to the nature and type of contract and service work performed and currency volatility. Gross profit for the three and nine months ended September 30, 2026 were $12,349 and $35,215, or 28.6% and 28.3%, as compared to $10,455 and $20,729, or 26.3% and 17.8%, in the prior year comparative periods. The increase in gross profit percentages compared to the prior year period was primarily due to the restructuring, improved margins on certain tolling contracts and continued strong margin performance in the Company's safety and enforcement operations.

Total operating expenses are comprised of selling, general and administrative costs ("SG&A"), research and development ("R&D") costs, depreciation, amortization of intangible assets and other charges. Total operating expenses for the three and nine months ended September 30, 2026 were $23,621 and $55,413, or 54.7% and 44.6% as a percentage of revenue, compared to $13,706 and $37,823, or 34.5% and 32.4% as a percentage of revenue, in the prior year comparative periods. The increase is primarily due to higher other charges, which include non-recurring project costs relating to the proposed pending acquisition of the Conduent tolling business and other potential acquisitions, and higher stock-based compensation, impairment expense and facilities expenses.

We are committed to continual investments in R&D to enhance our current products and advance the availability of new products within the ITS industry. For the three and nine months ended September 30, 2026, net R&D spending levels as a percentage of revenue were approximately 0.7% and 0.7% as compared to 1.3% and 1.1% in the comparative prior year periods, respectively.

For the three and nine months ended September 30, 2026 we recognized income tax expense of $772 and $1,971 compared to income tax expense of $985 and $489 for the comparative prior year periods, respectively.

The Company is exposed to foreign exchange risk primarily relating to its revenue, operating and capital expenditures, and net assets held in foreign currencies. This is more fully described in the Risks and Uncertainties section.

For the three and nine months ended September 30, 2026, other income was $990 and $1,296 compared to $98 and $3,707 in the prior year comparative periods, respectively.

Reconciliation of Net Loss to Adjusted EBITDA

Management considers Adjusted EBITDA, a non-IFRS financial measure, to be a useful indicator for the business to capture financial performance in a given period related to the operations of Quarterhill.

We reported Adjusted EBITDA of $3,898 and $10,551 for the three and nine months ended September 30, 2026, compared to $1,386 and $(4,730) for the comparative prior year periods, respectively. The increase in Adjusted EBITDA for the three months ended September 30, 2026, compared to the prior year period is due to the factors impacting revenue, gross margin and expenses, as previously described. Other charges generally consist of advisor fees, accounting and valuation fees, due diligence related expenses and legal fees, restructuring charges, impairment loss and other one-time items. Items not reflective of underlying operating performance in the period have been excluded in the calculation of Adjusted EBITDA. The remaining adjustments relate to finance income and finance expense, impairment of assets, depreciation and amortization, non-cash stock-

based compensation, change in fair value of derivative liability, other income, other acquisition related accounting items and other one-time charges.

From time to time, we may acquire businesses in purchase transactions that typically result in the recognition of goodwill and other identifiable intangible assets. Acquired goodwill is not amortized but is subject to impairment testing at least annually and as other events and circumstances dictate. Other identifiable intangible assets are typically subject to amortization and, therefore, will likely increase future expenses. The determination of the value of such intangible assets requires us to make estimates and assumptions. We have ascribed value to identifiable intangible assets other than goodwill in our purchase price allocations including, but not limited to, backlog, trade name, non-competition agreements, customers and developed software related intangible assets. To the extent we ascribe values to identifiable intangible assets that have finite lives, we amortize those values over the estimated useful lives of the assets.

Reconciliation of Net Loss to Adjusted EBITDA

	Three months ended September 30,			
	2026		2025	
	$	**Per Share [4]**	$	Per Share
Net loss	**($16,460)**	**($0.13)**	($4,734)	($0.04)
Adjusted for:				
Income tax expense	**$772**	**0.01**	985	0.01
Foreign exchange (gain) loss	**$1,299**	**0.01**	(824)	(0.01)
Impairment loss[1]	**$63**	**-**	-	-
Finance income	**($8)**	**-**	(58)	-
Finance expense	**$2,446**	**0.02**	1,507	0.01
Other charges	**$1,982**	**0.02**	483	0.00
Depreciation and amortization	**$3,032**	**0.02**	2,811	0.02
Stock based compensation expense	**$4,535**	**0.04**	1,343	0.01
Non-recurring project costs [2]	**$5,558**	**0.04**	-	-
Change in fair value of investment in other entity	**1,669**	**0.01**	-	-
Change in fair value of derivative liability	**-**	**-**	(29)	(0.00)
Other income	**(990)**	**(0.01)**	(98)	(0.00)
Adjusted EBITDA [3]	**$3,898**	**$0.03**	$1,386	$0.01
Weighted average number of Common Shares				
Basic	**126,820,277**		116,898,292	

[1] Impairment loss relates to net assets write off from sale of VDS Verkehrstechnik GmbH
[2] Non-recurring project costs mostly relates to consulting fees for the proposed pending Conduent Tolling acquisition.
[3] Refer to Adjusted EBITDA - Non-IFRS Financial Measure
[4] Refer to Adjusted EBITDA per share – Non-IFRS ratio

	Nine months ended September 30,			
	2026		2025	
	$	Per Share [4]	$	Per Share
Net loss	($27,277)	($0.22)	($19,939)	($0.17)
Adjusted for:				
Income tax expense	1,971	$0.02	489	0.00
Foreign exchange loss (gain)	(1,184)	($0.01)	2,196	0.02
Impairment loss[1]	1,094	$0.01	-	-
Finance income	(57)	($0.00)	(178)	(0.00)
Finance expense	5,976	$0.05	4,564	0.04
Other charges	2,130	$0.02	807	0.01
Depreciation and amortization	8,873	$0.07	8,117	0.07
Stock based compensation expense	10,118	$0.08	3,440	0.03
Non-recurring project costs [2]	8,534	$0.07	-	-
Change in fair value of investment in other entity	1,669	$0.01	-	-
Change in fair value of derivative liability	-	-	(519)	(0.00)
Other income	(1,296)	($0.01)	(3,707)	(0.03)
Adjusted EBITDA [3]	$10,551	$0.09	($4,730)	($0.04)
Weighted average number of Common Shares				
Basic	121,372,492		116,394,088	

[1] Impairment loss relates to net assets write off from sale of VDS Verkehrstechnik GmbH
[2] Non-recurring project costs mostly relates to consulting fees for the proposed pending Conduent Tolling acquisition.
[3] Refer to Adjusted EBITDA - Non-IFRS Financial Measure
[4] Refer to Adjusted EBITDA per share – Non-IFRS ratio

SELECTED CONSOLIDATED QUARTERLY RESULTS

	Revenues	Net (loss) income	Net (loss) income per share (basic)	Adjusted EBITDA*	Adjusted EBITDA per share* (basic)
Quarter ended	$ 000s	$ 000s	$	$ 000s	$
September 30, 2026	43,157	(16,460)	(0.13)	3,898	0.03
June 30, 2026	42,511	(5,567)	(0.05)	4,614	0.04
March 31, 2026	38,614	(5,249)	(0.04)	2,039	0.02
December 31, 2025	38,463	(34,471)	(0.29)	4,387	0.04
September 30, 2025	39,743	(4,734)	(0.04)	1,386	0.01
June 30, 2025	43,075	(6,835)	(0.06)	(2,679)	(0.03)
March 31, 2025	33,889	(8,370)	(0.07)	(3,437)	(0.03)
December 31, 2024	38,876	272	0.00	1,150	0.01

* Adjusted EBITDA and the respective per share amounts are non-IFRS measures; please refer to "Non-IFRS Financial Measures and Non-IFRS Ratios" and "Reconciliation of Net Loss to Adjusted EBITDA" sections of this MD&A.

Historically, our operating results have fluctuated on a quarterly basis and we expect that quarterly results will continue to fluctuate in the future, as revenues derived from the ITS business may be subject to varying project phases and seasonality. Operating results for interim periods should not be relied upon as an indication of the results to be expected or achieved in any future period or any fiscal year as a whole. The risk factors affecting our revenue and results, many of which are outside of our control, include those set out under the heading “Risk Factors” in our AIF.

CAPITAL AND LIQUIDITY

The Company’s capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth and acquisition. The Company defines our capital as cash and cash equivalents, long-term debt, convertible debentures and shareholders’ equity. The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may purchase Common Shares for cancellation pursuant to one or more normal course issuer bids and/or substantial issuer bids, issue new Common Shares, issue convertible debentures or raise or retire our debts.

Cash (used in) generated from operations for the three and nine months ended September 30, 2026, was ($8,590) and ($8,332) respectively compared to cash generated from (used in) operations of $6,441 and ($1,746) in the prior year comparative periods. Our cash and cash equivalents totaled $51,588 as at September 30, 2026 compared to $24,846 as at December 31, 2025, representing an increase of $26,742 primarily due to net proceeds of $35,225 from the bought deal equity offering and net proceeds of $26,431 from the new secured term loan, partially offset by repayment of long-term debt of $13,938, cash used in operations of $8,332, capitalized software costs of $5,615, prepaid acquisition consideration of $3,500 and a $760 unfavourable effect of foreign exchange on cash. At September 30, 2026, working capital was $12,966 compared to $(3,793) at December 31, 2025.

Due to the nature of our business activities, operating cash flows may vary significantly between periods due to changes and timing in working capital balances. Our cash resources are generally used to fund our operations, provide working capital to any of our subsidiaries if needed and to acquire additional businesses. We may also fund our ongoing cash requirements using additional short-term and long-term debt and, if desirable, based on market conditions, by selling Common Shares and debt securities to the public.

In 2021, to finance the acquisition of Electronic Transaction Consultants, LLC (“ETC”), we entered into a credit agreement to receive senior secured credit facilities from HSBC Bank Canada and Royal Bank of Canada consisting of a revolving credit facility in the maximum amount of $15,000 and a term credit facility of $50,000. These facilities replaced all existing credit facilities we had with HSBC Bank Canada.

On May 11, 2026, the Company entered into a new senior secured credit agreement with BTG Pactual Global Alternatives (the "New Credit Facility"), and on May 12, 2026, the Company received initial funding under the New Credit Facility. The New Credit Facility provides for up to $60,000 of committed senior secured financing, consisting of a $5,000 revolving credit facility, a $30,000 term loan, and a $25,000 delayed draw term loan. The facilities bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin, subject to the Company's senior leverage ratio, have a five-year term maturing in May 2031, and amortize at 2.5% per annum, payable quarterly. The New Credit Facility also includes an incremental $100,000 uncommitted accordion designed to fuel inorganic growth initiatives and allow the Company to act quickly on accretive merger and acquisition opportunities as they arise. The facilities are secured by a general security agreement over the assets of the Company's principal operating subsidiaries and contain customary affirmative, negative and financial covenants, including maximum senior leverage, minimum fixed charge coverage, and minimum liquidity requirements.

On May 12, 2026, the Company drew the $30,000 term loan and used the proceeds to repay in full the outstanding balance of its existing senior secured credit facilities with HSBC Bank Canada and Royal Bank of Canada, which were scheduled to

mature on September 1, 2026. As at September 30, 2026, the $5,000 revolving credit facility and $25,000 delayed draw term loan were undrawn. The financial covenants relating to the term loan are as follows:

- A total senior net leverage ratio of not more than 4.25 to 1.00 as of September 30, 2026, whether or not delayed draw term loans have been drawn. This maximum permissible ratio decreases over time.

- A fixed charge coverage ratio of at least 0.40 to 1.00 as of September 30, 2026 if no delayed draw term loans have been drawn, or at least 0.45 to 1.00 if delayed draw term loans have been drawn. This minimum permissible ratio generally increases over time.

- A liquidity covenant requiring at least $10,000 as of the last day of any calendar month, calculated as the sum of the weekly liquidity amounts during such month divided by the number of weeks ending in that month.

As at September 30, 2026, the Company was not in compliance with its financial covenants primarily due to the significant charges incurred during the period relating to the Conduent proposed pending acquisition. Accordingly, the entire carrying amount of the debt has been classified as a current liability as at September 30, 2026.

On November 6, 2026, after the reporting period and before the interim condensed consolidated financial statements were authorized for issue, the Company obtained a waiver from the lender for the covenant breach as at September 30, 2026. Under the waiver, the lender agreed not to demand accelerated repayment because of the breach. Because the waiver was obtained after the reporting period, it does not affect the classification of the liability as at September 30, 2026. The waiver is a non-adjusting event after the reporting period. Following receipt of the waiver, the amounts due after more than twelve months are expected to be presented as non-current in subsequent periods, subject to continued compliance with the covenants.

On September 16, 2026, the Company closed a bought deal offering pursuant to which 20,867,100 common shares of the Company were issued at a price of C$2.48 for aggregate gross proceeds of C$51,750. The Company incurred C$2,602 in issuance costs resulting in net proceeds of C$49,148.

CONTRACTUAL OBLIGATIONS

Contractual obligations relating to accounts payable and accrued liabilities, long-term debt, convertible debentures and lease liabilities as at September 30, 2026 are due as follows:

	Total	Less than 1 year	1 - 3 years	4 - 5 years	Thereafter
Accounts payable and accrued liabilities	$40,112	$40,112	-	-	-
Long-term debt	30,000	30,000	-	-	-
Convertible debentures	40,542	40,542	-	-	-
Lease liabilities	3,661	1,610	1,653	372	26
	$114,315	$112,264	$1,653	$372	$26

OUTSTANDING COMMON SHARE DATA

We are authorized to issue an unlimited number of Common Shares, 6,351 special preferred, redeemable, retractable, non-voting shares and an unlimited number of preferred shares, issuable in series. As at September 30, 2026, there were 143,686,920 Common Shares and no special or preferred shares issued and outstanding. We also maintain the Quarterhill Inc. 2018 Equity Incentive Plan (the "Equity Plan"). Under the Equity Plan, we can issue a maximum of 12% of our issued and

outstanding Common Shares from time to time which was, as at September 30, 2026, up to 17,242,430 Common Shares. As at September 30, 2026, we had options granted to purchase up to 1,232,526 Common Shares.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2026, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Subsidiaries
The financial statements include the accounts of Quarterhill Inc. and its wholly-owned subsidiaries. Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this section.

SUBSEQUENT EVENTS

On October 30, 2026, the Company settled in full its outstanding convertible debenture of C$59,225, representing the principal sum of C$57,500 plus accrued and unpaid interest. The Company funded the repayment partly by drawing $5,000 on the revolving credit facility.

On October 30, 2026, the Company signed a definitive agreement for the sale of its 10% equity stake in WiLAN for $2,250. The Company also received its $6,250 earn out amount as part of the sale of WiLAN Inc. and its related entities in June 2023.

CRITICAL ACCOUNTING ESTIMATES

Key areas involving estimation, uncertainty and critical judgments include the following:

Revenue Recognition
Contract revenue, contract costs, contract liabilities and contract assets are based on estimates and judgments used in determining the progress of a contract. Estimates include amounts derived to measure the progress of the contract. Progress towards completion is measured by comparing the actual costs incurred to the total estimated costs for the contract. In determining the estimated costs to complete the contracts, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, changes in contract scope and subcontractor costs. Due to the nature of project contracts, estimates may change significantly between accounting periods. Changes in estimates are reflected in the period in which the circumstances that gave rise to the change became known and affect the Company’s revenue, contract assets, and contract liabilities.

Impairments for Non-financial Assets and Impairment Reversals
Quarterhill’s estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding estimates of the present value of future cash flows including growth opportunities, economic risk, and the discount rate. These same assumptions are also used when assessing reversal of impairments previously recognized.

Income Taxes and Deferred Taxes
Quarterhill is subject to income taxes in Canada and other foreign jurisdictions. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits which could materially change the amount of current and deferred income taxes and liabilities. Additionally,

estimation of the income tax provision includes evaluating the recoverability of deferred tax assets based on the assessment of the Company's ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based on existing tax laws, estimates of future profitability and tax planning strategies. If the future taxable results of the Company differ significantly from those expected, the Company would be required to increase or decrease the carrying value of the deferred tax assets with a potentially material impact on the Company's consolidated statements of financial position and consolidated statements of comprehensive income. The carrying amount of deferred tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are recognized to the extent that it is more likely than not that taxable income will be available against which deferred tax assets can be utilized.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 18, Presentation and Disclosure in the Financial Statements ("IFRS 18")
In April 2024, the IASB issued IFRS 18, which replaces IAS 1, *Presentation of Financial Statements*, and aims to improve the quality of financial reporting by introducing three sets of new requirements, which include new required categories and subtotals in the statement of profit and loss, disclosure about management-defined performance measures and enhanced guidance on grouping of information. The issuance of IFRS 18 results in consequential amendments to IAS 7, *Statement of Cash Flows*, and IAS 33, *Earnings Per Share*. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Management is currently assessing the impact of these amendments and new requirements.

RISKS AND UNCERTAINTIES

Quarterhill operates in a dynamic and competitive business environment that exposes it to a number of risks and uncertainties. This MD&A is qualified in its entirety by the risk factors described under the heading "Risk Factors" in the AIF. The risks and uncertainties discussed in greater detail under the heading "Risk Factors" in our AIF 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 business operations. If any of the risks or uncertainties we face were to occur, they could materially affect our future operating results and could cause actual events and results to differ materially from those which we expect or that we have described in our forward-looking statements.

In addition to the risk factors identified in our AIF, we may be exposed to other risks as follows:

Credit Risk
Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and unbilled revenue.

Our cash and cash equivalents consist primarily of deposit investments that are held primarily with Canadian and American chartered banks. Management does not expect any counter-parties to fail to meet their obligations.

We recognize a loss allowance provision using the simplified approach based on lifetime expected credit losses. Our exposure to credit risk with our accounts receivable from customers is influenced mainly by the individual characteristics of each customer. Our operating subsidiaries' customers are for the most part, large multinational companies or government organizations which do not have a history of non-payment. Credit risk from accounts receivable encompasses the default risk of customers. Prior to entering into transactions with new customers, we assess the risk of default associated with the particular customer. In addition, on an ongoing basis, management monitors the level of accounts receivable attributable to

each customer and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those balances considered overdue. We have had no material bad debts for any periods presented.

None of the amounts outstanding have been challenged by the respective counterparties and we continue to conduct business with them on an ongoing basis.

Quarterhill reviews financial assets on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. Once items are identified as being past due, contact is made with the respective customer to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our objective in managing liquidity risk is to ensure that we have sufficient liquidity available to meet our liabilities when due. We manage our liquidity needs through various sources including cash generated through operations, cash reserves, various revolving credit facilities, long-term debt, convertible debentures and the issuance of Common Shares.

Market Risk

Market risk is the risk that the fair value of future cash flows from our financial instruments will fluctuate due to changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

The financial instruments that expose the Company to interest rate risk are its cash and cash equivalents, short-term investments, bank indebtedness and long-term debt. The Company's objectives of managing its cash and cash equivalents and short-term investments are to ensure sufficient funds are maintained on hand at all times to meet day-to-day requirements and to place any amounts that are considered in excess of day-to-day requirements on short-term deposit with the Company's banks so that they earn interest. When placing amounts of cash and cash equivalents into short-term investments, the Company only places investments with Canadian chartered banks and ensures that access to the amounts placed can be obtained on short notice. A one percent increase or decrease in interest rates would not have resulted in a material increase or decrease in interest income or expense during the nine months ended September 30, 2026.

Currency Risk

Portions of the Company's revenues and operating expenses are denominated in Canadian dollars, euros and British pounds. Because these financial statements are reported in U.S. dollars, the Company's operating results are subject to changes in the exchange rate of the foreign currencies (primarily Canadian dollars and euros) relative to the U.S. dollar. For instance, a decrease in the value of the Canadian dollar relative to the U.S. dollar has an unfavourable impact on Canadian dollar denominated revenues and a favourable impact on Canadian dollar denominated direct cost of revenues and operating expenses. Approximately 72.9% of the Company's cash and cash equivalents are denominated in Canadian dollars, euros and British pounds, and are subject to changes in the exchange rate of those currencies relative to the U.S. dollar.

U.S. Tariffs

The recent introduction of new U.S. tariffs on goods imported from Canada, Mexico and China, along with any retaliatory actions by trading partners, could increase the Company's operating and administrative expenses and result in a deterioration of broader economic conditions, which could materially affect our future operating results.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Our Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding Quarterhill is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer in a timely manner.

In addition, our Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The control framework used to design our ICFR is the "Internal Control - Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission.

As of September 30, 2026, an evaluation was performed on the effectiveness of ICFR to provide reasonable assurance regarding the reliability of financial reporting and financial statement compliance with IFRS. Based on the evaluation, management believes that the Company's ICFR was designed and operating effectively in all material respects as at that date to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to our ICFR during the three and nine months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our ICFR.

A control system, no matter how well designed, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

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