



NEWS RELEASE

Quarterhill Acquires Sensor Line GmbH

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- *Sensor Line to be integrated into Quarterhill's wholly-owned subsidiary, International Road Dynamics ("IRD")*
- *Acquisition expands IRD's geographic footprint and customer base, broadens its sensor product suite and marks its entry into the rail vertical*
- *Acquisition price of €3.8 million (approximately \$6.0 million)*

TORONTO, Jan. 5, 2021 /PRNewswire/ - Quarterhill Inc. ("Quarterhill") (TSX: QTRH) (OTCQX: QTRHF), announces that it has completed the acquisition of all the issued and outstanding shares of Sensor Line GmbH ("Sensor Line"), a German-based Intelligent Transportation Systems ("ITS") provider of highly regarded fiber optic traffic sensors for road and rail markets, for cash consideration of €3.8 million (approximately \$6.0 million). Sensor Line will be integrated into Quarterhill's wholly-owned subsidiary, International Road Dynamics ("IRD"). All dollar amounts are in Canadian dollars unless otherwise stated.

Sensor Line is a pioneer in the field of fiber optic sensors for road and rail traffic applications. The company's products are recognized globally as leaders in generating traffic monitoring data used to enhance safety, improve mobility, enable enforcement and reduce the environmental impact within transportation networks. Since its inception in 1996, Sensor Line has installed more than 50,000 systems in 50 countries worldwide.

"This acquisition broadens our product suite and expands our geographic footprint further into the European market," said Rish Malhotra, CEO of IRD. "Sensor Line's in-road sensors will further strengthen our enforcement and tolling solutions and IRD's distribution capabilities will open-up new opportunities to grow the Sensor Line business while serving its long-standing loyal customer base. We are very pleased to welcome the Sensor Line team to IRD and will maintain manufacturing operations at their facility near Munich."

"This transaction represents the first step by our new management team in the execution of our ITS M&A growth strategy," said Paul Hill, CEO of Quarterhill. "This acquisition fits well within our financial M&A evaluation criteria. For 2021, Sensor Line is expected to contribute \$4.0 - \$5.0 million in revenue

and \$700,000 - \$800,000 in Adjusted EBITDA to IRD. With an active pipeline of acquisition opportunities, we believe we are just getting started in terms of expanding our ITS business to capitalize on the attractive and growing demand for tech-enabled infrastructure."

For more information on Sensor Line, including customer case studies, visit: www.sensorline.de

About Quarterhill

Quarterhill is a growth-oriented company in the Intelligent Transportation System industry as well as a leader in Intellectual Property licensing. Our goal is to execute an investment strategy that capitalizes on attractive market opportunities within Intelligent Transportation Systems and its adjacent markets to become a global leader. Quarterhill is listed on the TSX under the symbol QTRH and on the OTCQX Best Market under the symbol QTRHF. For more information: www.quarterhill.com

Forward-looking Information

This news release contains forward-looking statements regarding IRD, Quarterhill and their businesses. Forward-looking statements are based on estimates and assumptions made by IRD and/or Quarterhill in light of their experience and perception of historical trends, current conditions, expected future developments and the expected effects of new business strategies, as well as other factors that IRD and/or Quarterhill believe are appropriate in the circumstances. The forward-looking events and circumstances discussed herein may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting IRD and/or Quarterhill, including: potential risks and uncertainties relating to the ultimate geographic spread of the novel coronavirus ("COVID-19"); the severity of the disease; the duration of the COVID-19 outbreak; actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact; the potential negative impacts of COVID-19 on the global economy and financial markets and any resulting impact on IRD and/or Quarterhill and/or their businesses. Other factors include, without limitation, the risks described in Quarterhill's February 27, 2020 annual information form for the year ended December 31, 2019 (the "AIF"). Copies of the AIF may be obtained at www.sedar.com. IRD and Quarterhill recommend that readers review and consider all of these risk factors and notes that readers should not place undue reliance on any of IRD's forward-looking statements. IRD has no intention, and undertakes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Cautionary Note Regarding Use of Non-IFRS Measures

Quarterhill has historically used a set of metrics when evaluating our operational and financial performance. We continually monitor, evaluate and update these metrics as required to ensure they provide information considered most useful, in the opinion of our management, to any decision-making based on Quarterhill's performance. This section defines, quantifies and analyzes the key performance indicators used by our management and referred to elsewhere in this Press Release, which are not recognized under IFRS and have no standardized meaning prescribed by IFRS. These indicators and measures are therefore unlikely to be comparable to similar measures presented by other issuers.

In this Press Release, we use the non-IFRS term "Adjusted EBITDA" to mean net income (loss) from continuing operations adjusted for: (i) income taxes; (ii) finance expense or income; (iii) amortization

and impairment of intangibles; (iv) special charges and other one-time items; (v) depreciation of right-of-use assets and property, plant and equipment; (vi) effects of deleted deferred revenue; (vii) stock-based compensation; (viii) foreign exchange (gain) loss; and (ix) equity in earnings and dividends from joint ventures. Adjusted EBITDA is used by our management to assess our normalized cash generated on a consolidated basis and in our operating segments. Adjusted EBITDA is also a performance measure that may be used by investors to analyze the cash generated by Quarterhill and our operating segments. Adjusted EBITDA should not be interpreted as an alternative to net income and cash flows from operations as determined in accordance with IFRS or as a measure of liquidity.

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