



NEWS RELEASE

Quarterhill Announces the Sale of Wi-LAN Inc.

2023-06-15

TORONTO, June 15, 2023 /PRNewswire/ - Quarterhill Inc. (TSX: QTRH) ("Quarterhill" or the "Company") announced that today it has completed the sale of all of the shares of Wi-LAN Inc. ("WiLAN") to an arm's length purchaser for gross proceeds of up to approximately \$71.4 million subject to certain adjustments, including working capital adjustments. As part of the consideration, after this transaction Quarterhill will own 10% of WiLAN and Owlpoint IP Opportunities JVF LP, a joint venture between Arena Investors, LP ("Arena Investors") and Owlpoint Capital Management, LLC ("Owlpoint"), will, directly or indirectly, own the other 90%. No current or prior Quarterhill insiders are investors in WiLAN. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

In addition to the 10% ownership stake in WiLAN, the consideration for this transaction will consist of approximately \$48.0 million in cash, approximately \$8.0 million as an earn out and approximately \$15.4 million pursuant to an unsecured promissory note, which earn out and note are payable on WiLAN achieving certain revenue milestones. Quarterhill's 10% ownership stake can be repurchased by WiLAN for between approximately \$13.0 million and \$16.0 million subject to WiLAN meeting certain revenue milestones. Quarterhill will be entitled to receive its pro rata portion of any dividend distributions made by WiLAN.

"We are pleased to have completed this transaction, which delivers significant growth capital to Quarterhill's balance sheet and provides an excellent home for this specialized and storied business to prosper as a private company," said John Gillberry, Interim CEO of Quarterhill. "This sale was the logical conclusion of WiLAN's strategic review that started at the beginning of 2022 and enables Quarterhill to now focus exclusively on its exciting Intelligent Transportation System ("ITS") business."

Mr. Gillberry added: "This transaction marks the end of a pivot that began in 2017 and saw Quarterhill transform from a leading patent licensing company to having one of the largest ITS footprints in North America as well as extensive international operations. With two strong platforms in tolling and enforcement, Quarterhill will continue as a stand-alone ITS company seeking to capitalize on the compelling growth rate and tailwinds within the industry today."

Owlpoint focuses on credit investments backed by alternative asset classes, including IP, Film, TV and

Music Copyrights, among others. Gustav Brismark, a Senior Advisor to Owlpoint said "WiLAN has a rich history in the business of intellectual property and patents and the experienced management team at WiLAN will be a great partner to Owlpoint, as we move forward and build on that track record."

"Arena is looking forward to working with WiLAN as part of our ongoing relationship with Owlpoint, to leverage WiLAN's IP licensing platform and expand into new technologies and licensing models," said Vivek Nayar, Managing Director at Arena Investors.

Quarterhill was advised by Stout Capital, LLC as its financial advisor for the WiLAN strategic review process.

About Quarterhill

Quarterhill is a leading provider of tolling and enforcement solutions in the Intelligent Transportation System (ITS) industry. Our goal is global leadership in ITS, via organic growth of the Electronic Transaction Consultants, LLC (ETC) and International Road Dynamics, Inc. (IRD) platforms, and by continuing an acquisition-oriented investment strategy that capitalizes on attractive growth opportunities within ITS and its adjacent markets. 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

About Arena Investors, LP

Arena Investors is an institutional asset manager founded in partnership with The Westaim Corporation (TSXV: WED). With \$3.5 billion of invested and committed assets under management as of December 31, 2022, and a team of over 100 employees in offices globally, Arena provides creative solutions for those seeking capital in special situations. The firm brings individuals with decades of experience, a track record of comfort with complexity, the ability to deliver within time constraints, and the flexibility to engage in transactions that cannot be addressed by banks and other conventional financial institutions. Please visit www.arenaco.com for more information.

Forward-looking Information

This news release contains forward-looking statements regarding Quarterhill, its operating subsidiaries and their respective businesses, including statements about the future payment of any earn out or promissory note in connection with the transaction, future achievement by New WiLAN of the prescribed revenue milestones, any repurchase of Quarterhill's shares in New WiLAN, any payment by New WiLAN of dividends to Quarterhill, Quarterhill's future success without WiLAN, and expectations regarding New WiLAN's future business model and structure. Forward-looking statements are based on estimates and assumptions made by Quarterhill in light of its experience and its perception of historical trends, current conditions, expected future developments and the expected effects of new business strategies, as well as other factors that Quarterhill believes 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 Quarterhill, include, without limitation, the risks described in Quarterhill's March 22, 2023 annual information form for the year ended December 31, 2022 (the "AIF"). Copies of the AIF may be obtained at www.sedar.com. Quarterhill recommends that readers review and consider all of these risk factors and notes that readers should not place undue reliance on any of Quarterhill's forward-looking

statements. Quarterhill 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.

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