



NEWS RELEASE

Quarterhill Inc. Announces \$50 Million Bought Deal Public Offering of Convertible Debentures

2021-10-20

Toronto, Canada – October 20, 2021 – Quarterhill Inc. (“Quarterhill” or the “Company”) (TSX: QTRH) (OTCQX: QTRHF), is pleased to announce that it has entered into a \$50 million bought-deal financing (the “Convertible Debenture Financing”) of convertible unsecured subordinated debentures (the “Debentures”) with a syndicate of underwriters (the “Underwriters”) led by Raymond James Ltd. The Debentures will have a coupon of 6.0% per annum, and a conversion price of \$3.80 per Quarterhill common share (a “Common Share”), subject to adjustments in certain circumstances. The Company has granted the Underwriters an over-allotment option to purchase up to an additional \$7.5 million aggregate principal amount of Debentures on the same terms, exercisable in whole or in part at any time up to the 30th day following the closing of the Convertible Debenture Financing. The Debentures will mature on October 30, 2026 (the “Maturity Date”).

The net proceeds from the Convertible Debenture Financing will be used to support growth of Quarterhill through potential acquisitions and to provide additional working capital to support the continued operations of the Company's business.

Except in certain circumstances involving a “Change of Control”, the Debentures will not be redeemable at the option of the Company before October 31, 2024. On or after October 31, 2024 and prior to October 31, 2025, the Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days’ and not less than 30 days’ prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after October 31, 2025 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company 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.

The offering is subject to normal regulatory approvals, including approval of the Toronto Stock



Exchange, and is expected to close on or about October 27, 2021.

The Debentures will be offered by way of a prospectus supplement in all of the provinces and territories of Canada, except Quebec, and may also be offered by way of private placement in the United States. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to or for the account or benefit of a U.S. Person (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Quarterhill

Quarterhill is a growth-oriented company in the Intelligent Transportation System (ITS) industry as well as, through its Wi-LAN Inc. subsidiary, a leader in Intellectual Property licensing. Our goal is to execute an investment strategy that capitalizes on attractive growth opportunities within ITS - and its adjacent markets - to become a global leader in that industry. 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

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Forward looking and other cautionary statements

This news release contains forward-looking statements regarding Quarterhill and its business. In particular, this press release includes forward-looking statements pertaining to the proposed timing of completion of the Convertible Debenture Financing and Quarterhill's intended use of proceeds of the Convertible Debenture Financing. 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, 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 Quarterhill and/or its business. Other factors include, without limitation, the risks described in Quarterhill's March 11, 2021 annual information form for the year ended December 31, 2020 (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.