



NEWS RELEASE

Quarterhill to Acquire Conduent Tolling Solutions Business

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TORONTO, June 30, 2026 /PRNewswire/ - Quarterhill Inc. ("Quarterhill" or the "Company") (TSX: QTRH) (OTCQX: QTRHF), a leading technology innovator providing next-generation, AI-driven Intelligent Transportation System ("ITS") solutions, today announced that it has entered into a definitive asset purchase agreement (the "Agreement") to acquire substantially all of the assets (the "Transaction") of the tolling solutions business of Conduent Business Services, LLC and certain of its affiliates (collectively, "Conduent", and Conduent's tolling business, the "Business"). The Transaction is expected to approximately triple Quarterhill's tolling revenue upon closing and create a leading tolling platform with greater scale, long-term backlog visibility and enhanced capabilities across electronic tolling, back-office operations and roadside systems. All dollar figures included herein are presented in United States dollars, unless otherwise noted.

Upon closing of the Transaction, Quarterhill and the Business are expected to have approximately \$2 billion of combined backlog¹, providing strong visibility into future contracted revenue. On a pro-forma combined basis after planned synergies, the combined business would have generated more than \$400 million of revenue annually with an adjusted EBITDA margin between 10% and 15%.²

"This is a transformational transaction for Quarterhill, and one the Board enthusiastically supports," said Rusty Lewis, Chairman of Quarterhill's Board. "Conduent's tolling solutions business brings scale, long-term agency relationships, proven technology capabilities and deep tolling expertise in a core market. The Board has full confidence in the management team to bring these businesses together, and we believe the combined platform will be better positioned to serve transportation agencies, expand profitability and create sustainable, long-term value for shareholders."

"This acquisition materially advances our strategy to build a larger, more focused and more profitable ITS platform," said Chuck Myers, CEO of Quarterhill. "With greater scale, enhanced backlog visibility and meaningful Adjusted EBITDA³ contribution after anticipated day-one synergies, we believe Quarterhill will have a stronger foundation for long-term growth."



The Conduent Tolling Business provides end-to-end tolling solutions for government transportation agencies primarily across the United States and the United Kingdom, including electronic toll collection, Open Road Tolling, All Electronic Tolling, vehicle detection and classification, automated license plate recognition, payment processing, customer care, invoicing, video processing, analytics, and related back-office and roadside functions. Quarterhill expects to work closely with Conduent to support a smooth transition for customers and employees following closing.

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- ¹ See Non-IFRS Financial Measures section below.
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 - ³ See Non-IFRS Financial Measures section below.

Transaction Details

Under the terms of the Agreement, Quarterhill and certain of its affiliates will acquire substantially all of the assets, and assume certain liabilities, of the Business for aggregate consideration consisting of (i) \$70.0 million in cash, subject to customary adjustments, plus (ii) common shares in the capital of Quarterhill (the "Shares") representing 7.0% of the issued and outstanding Shares on closing of the Transaction. The Company expects to fund the cash portion of the consideration through debt.

As a condition to the closing of the Transaction, Quarterhill and Conduent will enter into a customary registration rights agreement pursuant to which, among other things, the Shares issued as consideration in connection with the Transaction will be subject to a 6 month contractual lock-up for the first 50% of such Shares and a 12 month lock-up for the remaining 50% of such Shares, subject to customary exceptions, and Conduent will be granted certain registration rights with respect to such Shares for so long as the Company Group beneficially owns, or exercises control or direction over, at least four percent of Quarterhill's then-outstanding common shares . The Shares will also be subject to any applicable resale restrictions under Canadian securities laws and the rules of the Toronto Stock Exchange (the "TSX").

Completion of the Transaction is subject to a number of closing conditions customary for a transaction of this nature, including TSX approval, and the satisfaction of other customary conditions precedent. The Transaction is expected to close in Q4 of 2026. There can be no assurance that the Transaction will be completed on the terms described herein or at all.

Advisors

AlixPartners is acting as financial advisor to Quarterhill in connection with the Transaction, DLA Piper US LLP and DLA Piper (Canada) LLP are acting as legal advisors to Quarterhill. Jefferies Group LLC is acting as financial advisor to Conduent in connection with the Transaction.

About Quarterhill

Quarterhill is a global leader in the Intelligent Transportation System (ITS) industry, advancing mobility through smart infrastructure solutions that reduce congestion, improve roadway safety, and create more sustainable travel. Each year, Quarterhill's platforms process billions of transactions, perform compliance and safety inspections on millions of commercial vehicles, and enable transportation

agencies worldwide to optimize thousands of lanes of traffic to improve travel for everyone. Leveraging advanced artificial intelligence and machine learning technologies, Quarterhill's platform delivers automation and predictive insight to help agencies manage transportation networks more efficiently. By working in close partnership with governments, communities, and industry leaders, Quarterhill is building today's connected roadways while shaping the next generation of intelligent, resilient mobility. Quarterhill is listed on the TSX under the symbol QTRH and on the OTCQX Best Market under the symbol QTRHF. For more information, please visit: www.quarterhill.com

Forward-looking Information

This news release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). Forward-looking statements relate to future events, conditions or future financial performance of Quarterhill based on future economic conditions and courses of action. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of any words such as "seek", "anticipate", "budget", "plan", "goal", "expect", "believe" and similar expressions. In particular, this news release contains forward-looking statements pertaining to, but not limited to, the following: completion of the Transaction and the terms thereof; the expected financing sources for the Transaction; expectations on the impact of the Transaction on the Company's revenue base and backlog; pro-forma combined financial information of the Company and Business on closing of the Transaction; statements with respect to the Company's integration plans with respect to the Business and Conduent; the expected closing of the Transaction and the timing thereof; Transaction benefits to the Company and its customers and shareholders, expectations, synergies, strategic goals, results of operations, impacts on revenue and adjusted EBITDA, performance, industry trends and growth opportunities; and the Company's strategic direction.

Although the forward-looking statements contained in this news release are based upon assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward looking statements contained in this news release, the Company has made assumptions regarding, but not limited to: the receipt and timing of obtaining regulatory and third party approvals for the Transaction; assumptions around the calculation of backlog, including contractual extensions, terms and execution; the Company's ability to execute on its business plan and to achieve the anticipated benefits and synergies from the Transaction; successful integration of the Business following closing of the Transaction; that the Company will be able to access capital, including debt, on acceptable terms; general economic and industry trends; operating assumptions relating to the Company's operations; demand for the Company's products and services; cost estimates for fixed price contracts; successful contract negotiation; and the other assumptions set forth in the Company's most recent annual information form available under the Company's profile on SEDAR+ at www.sedarplus.ca.

The Company'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: the risk that the Transaction may not be completed as expected or at all; timing and receipt of applicable regulatory approvals for the Transaction; the expected benefits of the Transaction and additional revenues or synergies may not materialize; inability of the Company to

obtain sufficient financing for the completion of the Transaction; unexpected costs or liabilities related to the Transaction; general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, stock market volatility; reliance on key management personnel; risks related to competition within the Company's industry and relating to technological advances; litigation risks; cyber-security risks; fixed price contracts may result in unexpected costs to the Company; and the other risks set forth in the Company's most recent annual information form and management's discussion and analysis for the three and twelve months ended December 31, 2025 available under the Company's profile on SEDAR+ at <http://www.sedarplus.ca>.

The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. 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 in this news release. All forward-looking statements contained in this news release are expressly qualified by this cautionary statement. 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.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective backlog, revenue and Adjusted EBITDA, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of describing the anticipated effects of the Transaction on the Company's business operations. Quarterhill's actual results, performance or achievement could differ materially from those expressed in, or implied by, such FOFI. The Company disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

Non-IFRS Financial Measures

This news release contains financial measures, including "backlog" and "Adjusted EBITDA". These financial measures do not have any standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these non-IFRS measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-IFRS measures provide additional information that the Company's management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Management of the Company believes that the presentation of these non-IFRS measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Pro Forma Information

Certain information in this news release, including combined revenue and Adjusted EBITDA, is presented on a "pro forma" basis, giving effect to the Transaction as if completed at the beginning of the applicable period, including certain anticipated synergies and adjustments. It is presented for illustrative purposes only, is based on assumptions and estimates management believes reasonable, is not prepared in accordance with IFRS, and has not been audited or reviewed by the Company's auditors. Anticipated synergies are management estimates and may not be realized as expected, or at all. This information is not indicative of the results the Company would have reported had the Transaction been completed as of the dates indicated, nor of future results, and readers should not place undue reliance on it.

Adjusted EBITDA Margin

We use the non-IFRS financial measure "Adjusted EBITDA margin" to mean net income (loss) adjusted for (i) income taxes; (ii) finance expense or income; (iii) amortization and impairment of intangibles; (iv) impairment of goodwill; (v) other charges and other one-time items; (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; and (x) changes in fair value of derivative liability as a percentage of revenue. Adjusted EBITDA margin is a non-IFRS ratio, calculated as Adjusted EBITDA divided by revenue. The most directly comparable IFRS measure to Adjusted EBITDA is net income (loss).

Backlog

We use the non-IFRS measure "backlog" to represent the total value of contracted work that has not yet been completed, including projects with a high degree of certainty under existing contracts, expected contract extensions, or awards where final contract execution is reasonably assured.

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