

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you are urged to consult your investment dealer, stock broker, bank manager, lawyer, accountant or other professional advisor. The Offer (as defined below) has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of the jurisdiction. However, Quarterhill Inc. may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to shareholders in such jurisdiction.

June 1, 2020



OFFER TO PURCHASE FOR NOT MORE THAN \$20,000,000 IN VALUE OF ITS COMMON SHARES AT A PURCHASE PRICE OF NOT LESS THAN \$1.95 AND NOT MORE THAN \$2.15 PER COMMON SHARE

Quarterhill Inc. ("**Quarterhill**", "**we**", "**our**" or "**us**") invites the holders of its common shares (the "**Shares**") to tender for purchase and cancellation by Quarterhill up to \$20,000,000 in value of the Shares pursuant to (i) auction tenders in which the tendering holders of Shares ("**Shareholders**") specify a price of not less than \$1.95 per Share and not more than \$2.15 per Share (in increments of \$0.05 per Share within that range) ("**Auction Tenders**") or (ii) purchase price tenders in which the tendering Shareholders do not specify a price per Share but, rather, agree to have Shares purchased at the Purchase Price (as defined below) that is determined as provided in this offer to purchase ("**Purchase Price Tenders**").

The invitation and all tenders of Shares are subject to the terms and conditions set forth in this offer to purchase ("**Offer to Purchase**"), the accompanying issuer bid circular (the "**Circular**"), and the related letter of transmittal (the "**Letter of Transmittal**") and notice of guaranteed delivery (the "**Notice of Guaranteed Delivery**") (all such documents, as amended or supplemented from time to time, collectively constitute the "**Offer**").

The Offer will commence on June 1, 2020 and expire at 5:00 p.m. (Toronto, Ontario time) on July 7, 2020 or such later time and date to which the Offer may be extended by Quarterhill, unless terminated, extended or varied by Quarterhill (such time on such date, the "**Expiration Time**"). The Offer is not conditional upon any minimum number of Shares being tendered under the Offer, and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer. The Offer is, however, subject to other conditions, and Quarterhill reserves the right, subject to applicable laws, to withdraw, extend or vary the Offer if, at any time prior to the payment of the Purchase Price, certain events occur. See "Offer to Purchase – Conditions of the Offer".

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Time, Quarterhill will determine a single price per Share (the "**Purchase Price**"), which will not be less than \$1.95 per Share and not more than \$2.15 per Share, that is the lowest price that enables it to purchase the maximum number of Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$20,000,000.

If the Purchase Price is determined to be \$1.95 per Share (which is the minimum Purchase Price under the Offer), the maximum number of Shares that may be purchased by Quarterhill is 10,256,410 Shares. If the Purchase Price is determined to be \$2.15 per Share (which is the maximum Purchase Price under the Offer), the maximum number of Shares that may be purchased by Quarterhill is 9,302,325 Shares. For the purpose of determining the Purchase Price, Shares tendered pursuant to a Purchase Price Tender will be considered to have been tendered at \$1.95 per Share (which is the minimum Purchase Price under the Offer). If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Shares will be purchased by Quarterhill. Shares validly tendered by a Shareholder pursuant to an Auction Tender will not be purchased by Quarterhill pursuant to the Offer if the price specified by the Shareholder is greater than the Purchase Price. A Shareholder who wishes to tender Shares, but who does not wish to specify a price at which such Shares may be purchased by Quarterhill, should make a Purchase Price Tender. Each Shareholder who validly tenders Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

**The Dealer Manager for the Offer is:
CIBC WORLD MARKETS INC.**

Each Shareholder who has validly tendered Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender, and who has not properly withdrawn such Shares, will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to pro-rata and the preferential acceptance of Odd Lots (as defined below), each as described herein.

The Purchase Price will be denominated and payable in Canadian dollars; however, Shareholders may elect to receive the Purchase Price in U.S. dollars as described in the Letter of Transmittal (and, if applicable, the Notice of Guaranteed Delivery). The risk of any fluctuation in exchange rates, including risks relating to the particular date and time at which funds are converted, will be borne solely by the Shareholder. See “Offer to Purchase – Taking Up and Payment for Tendered Shares”.

If the aggregate purchase price for Shares validly tendered and not properly withdrawn pursuant to the Auction Tenders at prices at or below the Purchase Price and Purchase Price Tenders (collectively, the “**Successfully Tendered Shares**”) by Shareholders (the “**Successful Shareholders**”) would result in an aggregate purchase price in excess of \$20,000,000, then the Successfully Tendered Shares will be purchased as follows: (i) first, Quarterhill will purchase all Shares tendered at or below the Purchase Price by Shareholders who own fewer than 100 Shares (the “**Odd Lot Holders**”) at the Purchase Price; and (ii) second, Quarterhill will purchase at the Purchase Price on a pro rata basis according to the number of Shares tendered or deemed to be tendered at a price equal to or less than the Purchase Price by the tendering Shareholders, less the number of Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Shares. All payments to non-resident Shareholders will be subject to deduction and withholding of applicable withholding taxes, if any. See “Offer to Purchase – Number of Shares and Pro-Ration”.

In the case of tendered Shares evidenced held by physical certificates, certificates for all Shares not purchased under the Offer (including Shares not purchased because of pro-rata), or properly withdrawn before the Expiration Time, will be returned (in the case of certificates representing Shares all of which are not purchased) or replaced with new certificate(s) representing the balance of Shares not purchased (in the case of certificate(s) representing Shares of which less than all are purchased), promptly after the Expiration Time or termination of the Offer or the date of withdrawal of the Shares, without expense to the Shareholder. In the case of Shares tendered through book-entry transfer into the Depository’s account at CDS Clearing and Depository Services Inc. (“**CDS**”) or Depository Trust Company (“**DTC**”), the Shares will be credited to the appropriate account maintained by the tendering Shareholder at CDS or DTC, as applicable, without expense to the Shareholder.

As of May 20, 2020, there were 118,865,333 Shares issued and outstanding and, accordingly, the Offer is for a maximum of approximately 8.63% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$1.95 per Share (being the minimum Purchase Price under the Offer), and for a maximum of approximately 7.83% if the Purchase Price is determined to be \$2.15 per Share (being the maximum Purchase Price under the Offer).

The Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “QTRH”. On May 20, 2020, the last full trading day prior to Quarterhill’s public announcement of its intention to make the Offer, the closing price of the Shares was \$1.99 per Share.

Quarterhill has concluded it can rely on the “liquid market exemption” specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) from the requirements of MI 61-101 to obtain a formal valuation applicable to the Offer.

No Shares have ever been purchased in the open market to satisfy the delivery of Shares under Quarterhill’s equity-based compensation plans.

Quarterhill’s board of directors (the “**Board**”) has approved the Offer. However, none of Quarterhill, the Board, CIBC World Markets Inc., the dealer manager for the Offer (the “**Dealer Manager**”), or Computershare Trust Company of Canada, the depository for the Offer (the “**Depository**”), or any of their respective affiliates, makes any recommendation to any Shareholder as to whether to tender or refrain from tendering Shares under the Offer or as to the purchase price or purchase prices at which Shareholders may tender Shares under the Offer. Shareholders must make their own decisions as to whether to tender Shares under the Offer, and, if so, how many Shares to tender and the price or prices at which to tender.

Shareholders are strongly urged to review and evaluate carefully all information in the Offer, to consult their own financial, tax and legal advisors, and to make their own decisions as to whether to tender Shares under the Offer and, if tendered, how many Shares to tender. Shareholders should carefully consider the income tax consequences of tendering Shares under the Offer. See "Issuer Bid Circular – Income Tax Consequences".

Shareholders wishing to tender all or any portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See "Offer to Purchase – Procedures for Tendering Shares".

Shareholders should carefully read the information in this Offer to Purchase and accompanying Circular and in the other Offer documents, including our reasons for making the Offer. Shareholders are also urged to discuss their decisions with their financial and tax advisors.

The Offer expires at 5:00 p.m. (Toronto, Ontario time) on July 7, 2020 unless extended, varied or withdrawn.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF QUARTERHILL OR THE BOARD AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER, OR AS TO THE PRICE OR PRICES AT WHICH TO TENDER SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY QUARTERHILL, THE BOARD, THE DEALER MANAGER OR THE DEPOSITARY.

Any questions or requests for information regarding the Offer should be directed to the Depositary or the Dealer Manager at the addresses and telephone numbers of the Depositary and the Dealer Manager set forth on the last page of this Offer to Purchase and the accompanying Circular.

FORWARD-LOOKING INFORMATION

This Offer to Purchase and accompanying Circular include forward-looking statements regarding Quarterhill and its business, including, but not limited to: our intention to undertake a substantial issuer bid and the terms thereof, including the maximum dollar value of Shares we may purchase under the Offer; the timing for completion of the Offer; the sources and availability of funding for the Offer; the price range and the date on which we will announce the final results of the Offer or pay for tendered Shares; our intention to purchase additional Shares following expiry of the Offer in accordance with applicable law; the expected effects of the Offer; the sources and availability of funding for the Offer; the effect of the Offer and the financing of the Offer on our future earnings, operations and financial condition; and our belief that the Offer is a prudent use of Quarterhill's financial resources. Such statements are based on the current expectations and views of future events of Quarterhill's management. In some cases, the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

The forward-looking events and circumstances discussed in this Offer to Purchase and accompanying Circular may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Quarterhill, including: the Offer not occurring as expected, including the failure of any condition to the Offer; our inability to finance the Offer in the manner we intend (including with cash on its balance sheet); the extent to which Shareholders elect to tender their Shares under the Offer; our having sufficient financial resources and working capital following completion of the Offer (including to fund our currently anticipated financial obligations and pursue desirable business opportunities); the market for our Shares at the completion of the Offer being materially less liquid than the market that exists at the time we commence the Offer; the Offer being completed in July 2020; 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 the satisfaction of the conditions of the Offer such that Quarterhill may not be required to purchase the Shares and/or may terminate the Offer; the variability of revenue and operating results; economic factors; and many other factors beyond Quarterhill's control. Some of these and other factors are described under the heading "Risk Factors" in Quarterhill's Annual Information Form for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020 and under the heading "Risk and Uncertainties" in Quarterhill's Management Discussion and Analysis for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020.

Many of the risks and uncertainties mentioned above (including, without limitation, those described under the heading "Risk Factors" in Quarterhill's Annual Information Form for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020 and under the heading "Risk and Uncertainties" in Quarterhill's Management Discussion and Analysis for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020) are and will be exacerbated by the COVID-19 outbreak and any consequent worsening of the global business and economic environment. Quarterhill cautions readers that the list of risks and uncertainties mentioned above is not exhaustive and that if certain risks or uncertainties materialize or if underlying estimates or assumptions prove incorrect, actual events, performance and results may vary significantly from those expected.

Forward-looking statements by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement. Accordingly, readers should not place undue reliance on any forward-looking statements. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Quarterhill undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

INFORMATION FOR UNITED STATES SHAREHOLDERS

The Offer is made by Quarterhill, a Canadian issuer, for its own Shares, which are not registered with the U.S. Securities and Exchange Commission under the U.S. Securities and Exchange Act of 1934, as amended. While the Offer is subject to the disclosure requirements of the Province of Ontario and the other provinces and territories of Canada, U.S. Shareholders should be aware that these disclosure requirements are different from those of the U.S. Quarterhill's interim financial statements for the period ended March 31, 2020 have been prepared in accordance with International Financial Reporting Standards and are subject to Canadian auditing and auditor independence standards and, therefore, they may

not be comparable to financial statements of U.S. companies.

The enforcement by Shareholders of civil liabilities under U.S. federal and state securities laws may be adversely affected by the fact that Quarterhill is incorporated under the *Canada Business Corporations Act* (the “CBCA”) and that a majority of its directors and officers are residents of Canada. In addition, U.S. Shareholders should not assume that courts in Canada or in the countries where such directors and officers reside or in which Quarterhill’s non-U.S. assets or the assets of such persons are located (i) would enforce judgments of U.S. courts obtained in actions against Quarterhill or such persons predicated upon civil liability provisions of U.S. federal and state securities laws as may be applicable, or (ii) would enforce, in original actions, any asserted liabilities against Quarterhill, its subsidiaries or such persons predicated upon such laws. Enforcement of any asserted civil liabilities under U.S. securities laws may be further adversely affected by the fact that some or all of the experts named in the Offer may be residents of Canada.

U.S. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under U.S. and Canadian law. See “Issuer Bid Circular – Income Tax Consequences”.

CURRENCY

All dollar amounts in this Offer to Purchase and the accompanying Circular are in Canadian dollars except where otherwise indicated.

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SUMMARY

This summary is solely for the convenience of Shareholders and is qualified in its entirety by reference to the full text and more specific details of the Offer described elsewhere in this Offer to Purchase and accompanying Circular. We urge you to read the entire Offer to Purchase, Circular, Letter of Transmittal and Notice of Guaranteed Delivery carefully and in their entirety as they contain a complete discussion of the Offer. Shareholders are also urged to discuss their decisions with their financial and tax advisors.

Who is offering to purchase my Shares?

Quarterhill Inc., which we refer to as “**Quarterhill**”, “**we**”, “**us**”, or “**our**”. See “Offer to Purchase – The Offer”.

Why is Quarterhill making the Offer?

In the view of the Board, the recent trading price of the Shares is not fully reflective of the value of Quarterhill’s business and future prospects and, therefore, the purchase of Shares under the Offer represents an attractive investment and an equitable and efficient means of providing value to Shareholders.

What will the Purchase Price for the Shares be and how will it be paid?

We are conducting the Offer through a procedure commonly called a “modified Dutch auction”. This procedure allows Shareholders to select the price within a price range specified by Quarterhill at which Shareholders are willing to sell their Shares. The price range for the Offer is \$1.95 to \$2.15 per Share (in increments of \$0.05 per Share within such range). We will select the lowest purchase price that will allow us to purchase the maximum number of Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$20,000,000. We will purchase all Shares purchased under the Offer at the same Purchase Price, even if some of the Shares are tendered below the Purchase Price, but we will not purchase any Shares above the Purchase Price. We will determine the Purchase Price for the tendered Shares promptly after the Offer expires. If a Shareholder’s Shares are purchased under the Offer, that Shareholder will be paid the Purchase Price (subject to applicable withholding taxes, if any) in cash, without interest, promptly following the expiration of the Offer, for each such Share. Under no circumstances will we pay interest on the Purchase Price, even if there is a delay in making payment. See “Offer to Purchase – Purchase Price”

How many Shares will Quarterhill purchase in the Offer?

We are offering to purchase Shares that have an aggregate purchase price not exceeding \$20,000,000. At the minimum purchase price of \$1.95 per Share, we could purchase a maximum of 10,256,410 Shares. At the maximum purchase price of \$2.15 per Share, we could purchase a maximum of 9,302,325 Shares. Since we will be unable to determine the Purchase Price until after the Expiration Time, we will not determine the exact number of Shares that we will purchase until after the Expiration Time. See “Offer to Purchase – Number of Shares and Pro-Ration”

What will happen if Shares with an aggregate purchase price of more than \$20,000,000 are tendered in the Offer?

If the aggregate purchase price for the Shares validly tendered and not properly withdrawn pursuant to the Offer by Purchase Price Tender or by Auction Tender at a price per Share not greater than the Purchase Price exceeds \$20,000,000, then we will purchase the Successfully Tendered Shares on a pro rata basis according to the number of Shares tendered by the Successful Shareholders (with adjustments to avoid the purchase of fractional Shares), except that “Odd Lot” tenders of Successfully Tendered Shares will not be subject to pro-ration. See “Offer to Purchase – Number of Shares and Pro-Ration”

What do I do if I own an “Odd Lot” of Shares?

If you beneficially own fewer than 100 Shares as of the Expiration Time and you tender all such Shares, we will accept for purchase, without pro-ration but otherwise subject to the terms and conditions of the Offer, all of your Shares validly tendered pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender. You should check the appropriate place in Box D – “Odd Lots” in the Letter of Transmittal (and, if applicable, Notice of Guaranteed Delivery). See “Offer to Purchase – Number of Shares and Pro-Ration”.

How can I maximize the chance that my Shares will be purchased?

If you wish to maximize the chance that your Shares will be purchased, you should tender them by Purchase Price Tender, indicating that you will accept the Purchase Price. You should understand that this election will have the same effect as if you have selected the minimum Purchase Price of \$1.95 per Share, although the actual price per Share paid to you, if the Offer is completed, will be the Purchase Price, determined in accordance with the terms of the Offer. The actual price per Share paid to you may be equal to or higher than the minimum Purchase Price of \$1.95 per Share. See “Issuer Bid Circular – Price Range and Trading Volume of the Shares” for recent market prices for the Shares. Shareholders are urged to obtain current market quotations for the Shares.

How will Quarterhill pay for the Shares?

We intend to pay for Shares purchased in the Offer (to a maximum aggregate amount of \$20,000,000) with cash on our balance sheet. We have sufficient cash on hand to make full payment for the Shares we have offered to acquire under the Offer. See “Issuer Bid Circular – Source of Funds”.

How long do I have to tender my Shares?

You may tender your Shares prior to the expiration of the Offer. The Offer will expire on July 7, 2020 at 5:00 p.m. (Toronto, Ontario time), unless we extend or terminate it prior to that time. We may choose to extend the Offer at any time and for any reason, subject to applicable laws. See “Offer to Purchase – Extension and Variation of the Offer”. If a broker, dealer, commercial bank, trust company or other nominee holds your Shares, it is likely that it has an earlier deadline, for administrative reasons, for you to act to instruct them to tender Shares on your behalf. **We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to confirm any earlier deadline.** See “Offer to Purchase – The Offer” and “Offer to Purchase – Extension and Variation of the Offer”.

Are there any conditions to the Offer?

Yes. The Offer is subject to a number of conditions, such as the absence of court and governmental action prohibiting the Offer and changes in market and general economic conditions that, in our judgment, are or may be materially adverse to us, as well as certain other conditions that in each case must be satisfied or waived by us on or prior to the expiration of the Offer. The Offer is not conditional upon any minimum number of Shares being tendered under the Offer and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer. See “Offer to Purchase – Conditions of the Offer”.

How do I tender my Shares?

To tender Shares pursuant to the Offer, you must (i) deliver prior to the Expiration Time the certificate(s) for all tendered Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal and, if applicable, Notice of

Guaranteed Delivery (with signatures that are guaranteed if so required in accordance with the Letter of Transmittal/Notice of Guaranteed Delivery), and any other documents required by the Letter of Transmittal, to the Depositary, at one of its Toronto, Ontario office addresses listed in the Letter of Transmittal, (ii) follow the guaranteed delivery procedure described under "Offer to Purchase – Procedures for Tendering Shares", or (iii) transfer all tendered Shares pursuant to the procedures for book-entry transfer described under "Offer to Purchase – Procedures for Tendering Shares", in each case prior to the Expiration Time. **If your Shares are held through a broker, dealer, commercial bank, trust company or other nominee, you must request that your broker, dealer, commercial bank, trust company or other nominee tender your Shares for you. You may contact the Depositary or the Dealer Manager for assistance. See "Offer to Purchase – Procedures for Tendering Shares" and the instructions in the Letter of Transmittal.**

Can I tender part of my Shares at different prices?

Yes. You can elect to tender your Shares in separate lots at a different price and/or different type of tender for each lot. However, you cannot tender the same Shares at different prices. If you tender some Shares at one price and other Shares at another price, you must use a separate Letter of Transmittal (and, if applicable, the Notice of Guaranteed Delivery) for each lot you tender. See "Offer to Purchase – Procedures for Tendering Shares".

May I tender only a portion of the Shares I own?

Yes. You do not have to tender all of the Shares you own to participate in the Offer.

What will happen if I do not tender my Shares?

Upon the completion of the Offer, non-tendering Shareholders, and Shareholders who retain an equity interest in Quarterhill as a result of partial tender of Shares or pro-rata, will realize a proportionate increase in their relative ownership interest in Quarterhill and thus in its future profits or losses and assets, subject to Quarterhill's right to issue additional Shares and other equity securities (and securities exercisable for, or convertible into, equity securities) in the future. The amount of Quarterhill's future cash assets will be reduced and/or its liabilities increased by the amount paid and expenses incurred in connection with the Offer. See "Issuer Bid Circular – Purpose and Effect of the Offer".

Once I have tendered Shares in the Offer, can I withdraw my tender?

Yes. You may withdraw any Shares you have tendered (i) at any time prior to the Expiration Time, (ii) at any time if we have not taken up the Shares before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares, (iii) if we have not paid for the Shares within three business days of being taken up, or (iv) at any time before the expiration of 10 days from the date that a notice of change or notice of variation (other than a variation that (A) consists solely of an increase in the consideration offered for the Shares under the Offer where the time for tender is not extended for greater than 10 days, or (B) consists solely of the waiver of a condition of the Offer) has been given in accordance with the Offer to Purchase. See "Offer to Purchase – Withdrawal Rights".

How do I withdraw Shares I have previously tendered?

You must deliver, on a timely basis, a written or printed notice of your withdrawal to the Depositary at one of its Toronto, Ontario office addresses appearing on the back cover page of this Offer to Purchase and Circular. A notice of withdrawal must specify your name, the number of Shares to be withdrawn and the name of the

registered holder of the withdrawn Shares. Some additional requirements apply if the Share certificates to be withdrawn have been delivered to the Depositary or if your Shares have been tendered under the procedure for book-entry transfer. See “Offer to Purchase – Withdrawal Rights”. If you have tendered your Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct your broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your Shares. Please be advised that such nominees may have their own deadlines relating to the withdrawal of your Shares that differ from those set out in this Offer to Purchase. We recommend that you contact your nominee to find out its deadline.

Can the Offer be terminated, extended or varied?

Yes. We may extend or vary the Offer in our sole discretion. See “Offer to Purchase – Extension and Variation of the Offer”. We may also terminate the Offer under certain circumstances. See “Offer to Purchase – Conditions of the Offer”.

How will I be notified if Quarterhill extends, varies or terminates the Offer?

We will issue a press release announcing the extension and the new Expiration Time by 9:00 a.m. (Toronto, Ontario time) on the business day after the previously scheduled Expiration Time if we decide to extend the Offer. We will announce any other variation to or termination of the Offer by issuing a press release announcing such variation or termination. See “Offer to Purchase – Extension and Variation of the Offer”.

Has Quarterhill or the Board adopted a position on the Offer?

The Board has approved the Offer. However, none of Quarterhill, the Board, the Dealer Manager or the Depositary makes any recommendation to you or to any other Shareholders as to whether to tender or refrain from tendering Shares under the Offer or as to the purchase price or purchase prices at which you or any other Shareholders may tender Shares under the Offer. You must make your own decisions whether to tender Shares under the Offer, and, if so, how many Shares to tender and the price or prices at which to tender.

Will Quarterhill’s directors, officers or affiliates participate in the Offer?

Our directors and officers have advised us that they do not intend to tender Shares pursuant to the Offer. Quarterhill has no knowledge regarding the participation of any other of its affiliates in the Offer.

Following the Offer, will Quarterhill continue as a public corporation?

Yes. We do not believe that our purchase of Shares through the Offer will cause our remaining Shares to be de-listed from the TSX. See “Issuer Bid Circular – Purpose and Effect of the Offer”.

What impact will the Offer have on the liquidity of the market for the Shares?

The Board has determined that it is reasonable to conclude that, following completion of the Offer, there will be a market for Shareholders who do not tender their Shares to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

When will Quarterhill pay for the Shares I tender?

We will pay the Purchase Price (less applicable withholding taxes, if any) to Shareholders in cash, without interest, for the Shares we purchase promptly after the expiration of the Offer. See “Offer to Purchase – Taking Up and Payment for Tendered Shares”.

In what currency will Quarterhill pay for the Shares I tender?

The Purchase Price will be denominated in Canadian dollars. All Shareholders who tender their Shares to the Offer will receive the same Purchase Price. However, Shareholders may elect to use the Depositary’s currency exchange services to convert any amounts

payable to them from Canadian dollars into U.S. dollars pursuant to a currency election as described in the Letter of Transmittal (and, if applicable, in the Notice of Guaranteed Delivery). See “Offer to Purchase – Taking Up and Payment for Tendered Shares”.

Will I have to pay brokerage commissions if I tender my Shares?

If you are a registered Shareholder and you tender your Shares directly to the Depositary, you will not incur any brokerage commissions. If you hold Shares through a broker, dealer, commercial bank, trust company or other nominee, we urge you to consult your broker, dealer, commercial bank, trust company or other nominee to determine whether transaction costs are applicable. See “Offer to Purchase – Taking Up and Payment for Tendered Shares”.

How do holders of vested but unexercised options to purchase Shares participate in the Offer?

The Offer is made only for Shares and not made for any options to purchase Shares. Any holder of options who wishes to accept the Offer should, to the extent permitted by the terms thereof, duly exercise those options to tender the resulting Shares in accordance with the terms and conditions of the Offer. Any such exercise must occur sufficiently in advance of the Expiration Time to assure that holders of options will have sufficient time to comply with the procedures for tendering Shares under the Offer. **An exercise of an option cannot be revoked even if the Shares received upon exercise thereof and tendered in the Offer are not purchased in the Offer for any reason.** Holders of options that exercise options and then tender the Shares received on such exercise pursuant to the Offer could suffer adverse tax consequences. The tax consequences of such an exercise are not described under “Issuer Bid Circular – Income Tax Consequences”. Holders of options are urged to seek tax advice from their own tax advisors in this regard.

What are the income tax consequences if I tender my Shares?

For Canadian federal income tax purposes, a Shareholder who sells a Share to Quarterhill pursuant to the Offer will be deemed to receive a dividend under the *Income Tax Act* (Canada) (the “**Tax Act**”) equal to the excess of the amount paid by Quarterhill over the “paid-up capital” of the Share for purposes of the Tax Act, subject to, in the case of certain Shareholders that are corporations, the rules in subsection 55(2) of the Tax Act, as described in Section 16 of the Circular, “Income Tax Considerations”. As of the date hereof, Quarterhill estimates that the paid-up capital per Share is approximately \$1.63 and following the Expiration Time, we will advise Shareholders of any material change to this estimate. Based on the foregoing estimate, Shareholders who sell Shares pursuant to the Offer are expected to realize deemed dividends for purposes of the Tax Act. The treatment of such deemed dividends under the Tax Act is described in Section 16 of the Circular, “Income Tax Considerations”. In view of the deemed dividend tax treatment under the Tax Act of a sale of Shares pursuant to the Offer as opposed to the capital gain or capital loss tax treatment that would generally apply to a sale of Shares in the market, Shareholders who wish to sell their Shares should consult their own tax advisors regarding selling their Shares in the market as an alternative to accepting the Offer, in order to receive capital gain (or capital loss) treatment on the disposition of their Shares. The selling price for such market sales may be different from the Purchase Price.

Subject to the discussion in Section 16 of the Circular under the heading “Income Tax Considerations – Passive Foreign Investment

Company”, for U.S. federal income tax purposes Quarterhill’s purchase of Shares from a U.S. Holder (as that term is defined in Section 16 of the Circular) pursuant to the Offer will be treated as either a sale or exchange of the Shares or as a distribution by Quarterhill. The criteria for determining whether the purchase will be treated as either a sale or exchange or a distribution is more fully discussed in Section 16 of the Circular under the heading “Income Tax Considerations – Determination of Sale or Distribution Treatment”. If the purchase of Shares is treated as a sale or exchange, then a U.S. Holder will recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder’s tax basis in the Shares sold. If the purchase of Shares is treated as a distribution by Quarterhill, then the full amount of cash received by a U.S. Holder for the Shares (without any offset for the U.S. Holder’s tax basis in the purchased Shares) will be treated as a dividend to the extent of the U.S. Holder’s share of Quarterhill’s current and accumulated earnings and profits, if any, determined under U.S. federal income tax principles. The tax basis of the U.S. Holder’s sold Shares will be added to the tax basis of their remaining Shares. Quarterhill may not maintain calculations of earnings and profits in accordance with U.S. federal income tax principles and each U.S. Holder should, therefore, assume that any distribution by Quarterhill with respect to the Shares will generally be treated as a dividend for U.S. federal income tax purposes.

You should carefully consider the income tax consequences to you of tendering Shares pursuant to the Offer. We urge you to seek advice from your own tax advisors with respect to the tax consequences applicable to you in your particular circumstances as a result of our purchase of your Shares under the Offer. See “Issuer Bid Circular – Income Tax Consequences”.

To whom can I talk if I have questions?

The Depositary or the Dealer Manager can help answer your questions. The Depositary is Computershare Trust Company of Canada, and the Dealer Manager is CIBC World Markets Inc. Contact information for the Depositary and the Dealer Manager is set forth on the back cover of this document.

How do I get my Shares back if I have tendered them pursuant to the Offer but they are not taken up?

All Shares tendered but not taken up under the Offer (including Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration, invalid tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned promptly after the Expiration Time or termination of the Offer without expense to the tendering Shareholder.

Will I receive the dividend announced on May 21, 2020 if I tender my Shares?

On May 21, 2020, Quarterhill announced a cash dividend in the amount of \$0.0125 per Share which will be paid on July 3, 2020 to Shareholders of record on June 12, 2020. Each Shareholder of record on June 12, 2020 will be entitled to receive the dividend announced on May 21, 2020 whether or not that Shareholder has tendered their Shares pursuant to the Offer.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF QUARTERHILL OR THE BOARD AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER. IF

GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY QUARTERHILL, THE BOARD, THE DEALER MANAGER OR THE DEPOSITARY.

OFFER TO PURCHASE

To the Shareholders of Quarterhill Inc.:

1. THE OFFER.

Quarterhill invites Shareholders to tender, for purchase and cancellation by Quarterhill, Shares pursuant to (i) Auction Tenders in which the tendering Shareholders specify a price of not less than \$1.95 per Share and not more than \$2.15 per Share (in increments of \$0.05 per Share within such range), or (ii) Purchase Price Tenders, in either case on the terms and subject to the conditions set forth in this Offer to Purchase, the Circular, and the related Letter of Transmittal and Notice of Guaranteed Delivery.

The Offer will commence on June 1, 2020 and expire at 5:00 p.m. (Toronto, Ontario time) on July 7, 2020 (such time on such date is referred to as the Expiration Time), unless terminated, extended or varied by Quarterhill. Subject to applicable law, Quarterhill may, in its sole discretion, extend the period of time during which the Offer will remain open. In the event of an extension, the term "Expiration Time" will refer to the latest time and date at which the Offer, as so extended, will expire.

The Offer is not conditional upon any minimum number of Shares being tendered under the Offer and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer. The Offer is, however, subject to other conditions and Quarterhill reserves the right, subject to applicable laws, to terminate the Offer and not take up and pay for any Shares tendered under the Offer if certain events occur. See "Offer to Purchase – Conditions of the Offer".

Each Shareholder who has validly tendered Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender, and who has not properly withdrawn such Shares, will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for each Share purchased, on the terms and subject to the conditions of the Offer, including the provisions relating to pro-ration described herein.

The Depositary will return all Shares not purchased under the Offer (including Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration, invalid tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, promptly after the Expiration Time or termination of the Offer, or the date of withdrawal of the Shares, in any case without expense to the tendering Shareholder.

The Offer is made only for Shares and not made for any options. Any holder of options who wishes to accept the Offer should, to the extent permitted by the terms thereof, duly exercise such options to tender the resulting Shares in accordance with the terms and conditions of the Offer. Any such exercise must occur sufficiently in advance of the Expiration Time to assure that holders of options will have sufficient time to comply with the procedures for tendering Shares under the Offer as described under "Offer to Purchase – Procedures for Tendering Shares". **An exercise of an option cannot be revoked even if the Shares received upon exercise thereof and tendered in the Offer are not purchased in the Offer for any reason.** Holders of options that exercise options and then tender pursuant to the Offer the Shares received on such exercise could suffer adverse tax consequences. The tax consequences of such an exercise are not described under "Issuer Bid Circular – Income Tax Consequences". Holders of options are urged to seek tax advice from their own tax advisors in this regard.

The Board has approved the Offer and has authorized the delivery to Shareholders of the Offer. However, none of Quarterhill, the Board, the Dealer Manager, or the Depositary, makes any recommendation to any Shareholder as to whether to tender or refrain from tendering Shares under the Offer or as to the purchase price or purchase prices at which Shareholders may tender Shares under the Offer. Shareholders must make their own decisions as to whether to tender Shares under the Offer, and, if so, how many Shares to tender and the price or prices at which to tender. Quarterhill's directors and officers have advised Quarterhill that they do not intend to tender Shares pursuant to the Offer. Quarterhill has no knowledge regarding the participation of any other of its affiliates in the Offer.

Shareholders should carefully consider the income tax consequences of tendering Shares under the Offer. See "Issuer Bid Circular – Income Tax Consequences".

The accompanying Circular, Letter of Transmittal and Notice of Guaranteed Delivery contain important information and should be read carefully and in their entirety before making a decision with respect to the Offer.

2. PURCHASE PRICE

Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Quarterhill will determine the Purchase Price, which will not be less than \$1.95 per Share and not more than \$2.15 per Share, that it will pay for Shares validly tendered pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. For the purpose of determining the Purchase Price, Shares tendered pursuant to a Purchase Price Tender will be considered to have been tendered at \$1.95 per Share (which is the minimum Purchase Price under the Offer). The Purchase Price will be the lowest price per Share that enables Quarterhill to purchase the maximum number of Shares validly deposited and not properly withdrawn pursuant to the Offer having an aggregate purchase price not to exceed \$20,000,000. Shareholders are urged to obtain current market quotations for the Shares before deciding whether, and at price or prices, to tender Shares pursuant to the Offer.

If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Shares will be purchased by Quarterhill. If the Purchase Price is determined to be \$1.95 per Share (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by Quarterhill is 10,256,410 Shares. If the Purchase Price is determined to be \$2.15 per Share (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by Quarterhill is 9,302,325 Shares. Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

All Shares purchased by Quarterhill pursuant to the Offer (including Shares tendered at prices below the Purchase Price) will be purchased at the Purchase Price. Quarterhill will return all Shares not purchased under the Offer (including Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration, invalid tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, promptly after the Expiration Time or termination of the Offer, or the date of withdrawal of the Shares, in any case without expense to the tendering Shareholder. All payments to non-resident Shareholders will be subject to deduction and withholding of applicable withholding taxes, if any.

Each registered Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such Shareholder exercises the applicable election in the Letter of Transmittal (and, if applicable, the Notice of Guaranteed Delivery) to use the Depositary's currency exchange services to convert payment of the Purchase Price of the tendered Shares into U.S. dollars as described below. There is no additional fee payable by Shareholders who elect to use the Depositary's currency exchange services.

Each non-registered or beneficial Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such non-registered Shareholder contacts the intermediary in whose name such Shareholder's Shares are registered and requests that the intermediary make an election on its behalf to receive the Purchase Price in U.S. dollars as described below.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate available from Computershare Trust Company of Canada, in its capacity as foreign exchange service provider, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the tendering Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

3. NUMBER OF SHARES AND PRO-RATION

As of May 20, 2020, there were 118,865,333 Shares issued and outstanding. If the Purchase Price is determined to be \$1.95 per Share (being the minimum Purchase Price under the Offer), the Offer is for a maximum of 10,256,410 Shares, which represents approximately 8.63% of the total number of issued and outstanding Shares. If the Purchase Price is determined to be \$2.15 per Share (which is the maximum Purchase Price under the Offer), the Offer is for a maximum of 9,302,325 Shares, which represents approximately 7.83% of the total number of issued and outstanding Shares. The Offer

is not conditional upon any minimum number of Shares being tendered under the Offer and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer.

If the aggregate purchase price for the Successfully Tendered Shares would result in an aggregate purchase price in excess of \$20,000,000, then the Successfully Tendered Shares will be purchased as follows: (i) first, Quarterhill will purchase all Shares tendered at or below the Purchase Price by Odd Lot Holders at the Purchase Price; and (ii) second, Quarterhill will purchase at the Purchase Price on a pro rata basis according to the number of Shares tendered or deemed to be tendered at a price equal to or less than the Purchase Price by the tendering Shareholders, less the number of Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Shares. All payments to non-resident Shareholders will be subject to deduction and withholding of applicable withholding taxes, if any. See "Offer to Purchase – Number of Shares and Pro-Ration".

For purposes of the Offer, the term "**Odd Lots**" means all Successfully Tendered Shares tendered by or on behalf of the Successful Shareholders who individually beneficially own, as of the Expiration Time, an aggregate of fewer than 100 Shares (referred to as Odd Lot Holders). As set forth above, Odd Lots will be accepted for purchase before any pro-ration. To qualify for this preference, an Odd Lot Holder must validly tender, pursuant to an Auction Tender at a price at or below the Purchase Price or pursuant to a Purchase Price Tender, all Shares beneficially owned by such Odd Lot Holder. Partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Shares even if holders have separate certificates for fewer than 100 Shares or hold fewer than 100 Shares in different accounts. Any Odd Lot Holder wishing to tender all Shares beneficially owned, without pro-ration, must check the appropriate box on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. Shareholders owning an aggregate of less than 100 Shares whose Shares are purchased pursuant to the Offer will avoid any Odd Lot discounts, which may be applicable on a sale of their Shares in a transaction on the TSX.

4. ANNOUNCEMENT OF RESULTS OF THE OFFER

Quarterhill will publicly announce the results of the Offer, including the Purchase Price, the number of Shares validly tendered to the Offer and the aggregate purchase price of the Shares to be purchased for cancellation pursuant to the Offer, as promptly as practicable after the Expiration Time.

5. PROCEDURES FOR TENDERING SHARES

Valid Tender of Shares

To tender Shares pursuant to the Offer, (i) a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares (with signatures that are guaranteed if so required in accordance with the Letter of Transmittal) and any other documents required by the Letter of Transmittal, must be received by the Depositary at one of the addresses listed in the Letter of Transmittal prior to the Expiration Time together with all tendered Shares in proper form for transfer (satisfied by delivering original share certificate(s) if such Shares are in certificated form), (ii) the guaranteed delivery procedure described below must be followed, or (iii) such Shares must be transferred pursuant to the procedures for book-entry transfer described below (and a confirmation of such transfer must be received by the Depositary, including a Book-Entry Confirmation and an Agent's Message (each as defined below) if the tendering Shareholder has not delivered a Letter of Transmittal). The term "**Book-Entry Confirmation**" means a confirmation of a book-entry transfer of a Shareholder's Shares into the Depositary's account at CDS or DTC. The term "**Agent's Message**" means a message, transmitted by DTC to and received by the Depositary and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgement from the depositing participant, which acknowledgement states that such participant has received and agrees to be bound by the Letter of Transmittal and that the Company may enforce such Letter of Transmittal against the participant.

In accordance with Instruction 4 – Indication of Type of Tender in the Letter of Transmittal or the Book-Entry Confirmation and Agent's Message, each Shareholder desiring to tender Shares pursuant to the Offer should indicate, in Box A captioned "Type of Tender" on the Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery: (i) whether the Shareholder is tendering Shares pursuant to an Auction Tender or a Purchase Price Tender, and (ii) each Shareholder desiring to tender Shares pursuant to an Auction Tender must further indicate, in the appropriate box in such Letter of Transmittal, Notice of Guaranteed Delivery or Book-Entry Confirmation and Agent's Message, the price per Share (in increments of \$0.05 per within such range) at which such Shares are being tendered. Under each of (i) and

(ii) respectively, only one box may be checked. If a Shareholder desires to tender Shares in separate lots at a different price and/or different type of tender for each lot, then such Shareholder must complete a separate Letter of Transmittal, Notice of Guaranteed Delivery or Book-Entry Confirmation and Agent's Message (as applicable) for each lot. The same Shares cannot be tendered (unless previously properly withdrawn) pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price. **Shareholders who validly tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.** In addition, Odd Lot Holders who tender all their Shares must check the appropriate box in the Letter of Transmittal (and Notice of Guaranteed Delivery, if applicable) to qualify for the preferential treatment available to Odd Lot Holders as set forth in "Offer to Purchase – Number of Shares and Pro-Ration".

If you wish to tender your Shares and your Shares are held through a broker, dealer, commercial bank, trust company or other nominee, you must request that your broker, dealer, commercial bank, trust company or other nominee tender your Shares for you. If your Shares are so held, you should immediately contact such nominee to take the necessary steps to be able to tender such Shares under the Offer. In addition, it is likely that such broker, dealer, commercial bank, trust company or other nominee has an earlier deadline, for administrative reasons, for you to act to instruct such nominee to tender Shares on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to find out the nominee's deadline.

Participants of CDS or DTC should contact such depository with respect to the tender of their Shares under the terms of the Offer.

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if (i) the Letter of Transmittal is signed by the registered Shareholders exactly as the name of the registered Shareholder appears on the share certificate tendered therewith, and payment and delivery are to be made directly to such registered Shareholder, or (ii) Shares are tendered for the account of a Canadian Schedule I chartered bank, a commercial bank or trust company in the United States, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an "**Eligible Institution**"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 1 in the Letter of Transmittal.

If a certificate representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificate(s) representing Shares not purchased or tendered are to be issued, to a person other than the registered Shareholder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered Shareholder appears on the certificate with the signature on the certificate or stock power signature guaranteed by an Eligible Institution.

Book-Entry Transfer Procedures

An account with respect to the Shares will be established at CDS for purposes of the Offer. Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through the CDS on-line tendering system pursuant to which book-entry transfers may be effected ("**CDSX**") by causing CDS to transfer such Shares into the Depository's account in accordance with the applicable CDS procedures for such transfer. Delivery of Shares to the Depository by means of book-entry through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depository at one of its Toronto, Ontario office addresses set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Time. Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings with CDS, shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depository are considered to be a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depository.**

The Depository has established an account with respect to the Shares at DTC for purposes of the Offer. Any

financial institution that is a participant in DTC may make book-entry delivery of the Shares by causing DTC to transfer such Shares into the Depositary's account in accordance with DTC's procedures for such transfer.

Although delivery of the Shares may be effected under the Offer through book-entry transfer into the Depositary's account at DTC, the Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees, or (in the case of a book-entry transfer) an Agent's Message in lieu of the Letter of Transmittal and any other required documents, must, in any case, be transmitted to and received by the Depositary at one or more of its addresses set forth on the last page of this Offer to Purchase on or prior to the Expiration Time in connection with the tender of such Shares. Delivery of documents to DTC does not constitute delivery to the Depositary.

Shareholders who are tendering by book-entry transfer to the Depositary's account at DTC may execute their tender through DTC's Automated Tender Offer Program ("**ATOP**") by transmitting their acceptance to DTC in accordance with DTC's ATOP procedures; DTC will then verify the acceptance, execute a book-entry delivery to the Depositary's account at DTC and send an Agent's Message to the Depositary. Delivery of the Agent's Message by DTC will satisfy the terms of the Offer in lieu of execution and delivery of a Letter of Transmittal by the participant identified in the Agent's Message. Accordingly, the Letter of Transmittal need not be completed by a Holder tendering through ATOP.

Method of Delivery

The method of delivery of all documents, including certificate(s) representing Shares, is at the election and sole risk of the tendering Shareholder. Delivery is only effective upon receipt by the Depositary. If delivery is by mail, registered mail that is properly insured is highly recommended, and it is suggested that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depositary on or prior to such time.

Procedure for Guaranteed Delivery

If a Shareholder wishes to tender Shares pursuant to the Offer and cannot deliver certificate(s) for such Shares, or the book-entry transfer procedures described above cannot be completed, prior to the Expiration Time, or time will not permit all required documents to reach the Depositary prior to the Expiration Time, such Shares may nevertheless be tendered if all of the following conditions are met:

- (a) such tender is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by Quarterhill with this Offer to Purchase (indicating the type of tender and, in the case of an Auction Tender, the price at which Shares are being tendered), including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery, is received by the Depositary at one of its Toronto, Ontario office addresses listed in the Notice of Guaranteed Delivery, by the Expiration Time; and
- (c) the certificate(s) for all physically tendered Shares, as well as a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof), or a Book-Entry Confirmation thereof in the case of a book-entry transfer, relating to such Shares, with signatures guaranteed, if so required, in accordance with the Letter of Transmittal, and all other documents required by the Letter of Transmittal, is received by the Depositary at one of its Toronto, Ontario office addresses listed in the Notice of Guaranteed Delivery, before 5:00 p.m. (Toronto, Ontario time) on or before July 9, 2020 (the second trading day on the TSX after the Expiration Time).

The Notice of Guaranteed Delivery may be hand delivered, couriered, or mailed or transmitted by email to one of the Depositary's Toronto, Ontario office addresses listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery. For Shares validly tendered pursuant to the guaranteed delivery procedure, the Depositary must receive the Notice of Guaranteed Delivery prior to the Expiration Time.

Notwithstanding any other provision hereof, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificate(s) for all Shares proposed to be taken up, or timely confirmation of the book-entry transfer of such Shares, (ii) a properly completed and duly executed Letter of

Transmittal (or a manually executed photocopy thereof) relating to such Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, or a Book-Entry Confirmation, and (iii) any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently delivered.

Return of Unpurchased Shares

Certificate(s) for all Shares not purchased under the Offer (including Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration, invalid tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificate(s) representing Shares all of which are not purchased), or replaced with new certificate(s) representing the balance of Shares not purchased (in the case of certificate(s) representing Shares of which less than all are purchased), promptly after the Expiration Time or termination of the Offer or the date of withdrawal of the Shares without expense to the tendering Shareholder. In the case of Shares tendered through book-entry transfer into the Depositary's account at CDS or DTC, the Shares will be credited to the appropriate account maintained by the tendering Shareholder at CDS or DTC without expense to the Shareholder.

Determination of Validity, Rejection; Notification of Defect

All questions as to the number of Shares to be taken up, the price to be paid therefor, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by Quarterhill, in its sole discretion, which determination shall be final and binding on all parties, absent a finding to the contrary by a court of competent jurisdiction. Quarterhill reserves the absolute right to reject any tenders of Shares determined by it, in its sole discretion, not to be in proper form or not completed in accordance with the instructions set forth herein and in the Letter of Transmittal or the acceptance for payment of, or payment for, which may, in the opinion of Quarterhill's counsel, be unlawful. Quarterhill also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares, and Quarterhill's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties absent a finding to the contrary by a court of competent jurisdiction. No individual tender of Shares will be deemed to be validly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as Quarterhill shall determine. Quarterhill will not be liable for failure to waive any condition of the Offer or any defect or irregularity in any tender of Shares. None of Quarterhill, the Depositary, the Dealer Manager or any other person will be obligated to give notice of defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice. Quarterhill's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding, absent a finding to the contrary by a court of competent jurisdiction.

Under no circumstances will interest accrue or be paid by Quarterhill or the Depositary by reason of any delay in making payment to any person, including persons using the guaranteed delivery procedures. The amount paid for Shares tendered pursuant to the guaranteed delivery procedures will be the same as that for Shares delivered to the Depositary on or prior to the Expiration Time.

Formation of Agreement

A valid tender of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the tendering Shareholder and Quarterhill, effective as of the Expiration Time, upon the terms and conditions of the Offer.

Lost or Destroyed Share Certificates

If any certificate representing Shares has been lost or destroyed, the Shareholder should promptly notify the Depositary at the phone number or at one of the addresses set forth on the back cover page of this Offer to Purchase and Circular. The Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or

destroyed certificates have been followed. Shareholders are requested to contact the Depositary immediately to permit timely processing of this documentation.

Further Assurances

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of Quarterhill, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of any Shares proposed to be taken up by Quarterhill. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

6. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section, tenders of Shares pursuant to the Offer will be irrevocable. Shares tendered pursuant to the Offer may be withdrawn by the Shareholder:

- (a) at any time prior to the Expiration Time;
- (b) at any time if the Shares have not been taken up by Quarterhill before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares;
- (c) at any time if the Shares have been taken up but not been paid for by Quarterhill within three business days of being taken up;
- (d) at any time before the expiration of 10 days from the date upon which either
 - (i) a notice of change relating to a change which has occurred in the information contained in this Offer to Purchase or the Circular, as amended from time to time, or in any notice of extension or variation, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of Quarterhill or an affiliate of Quarterhill), if such change occurs before the Expiration Time or after the Expiration Time but before the expiry of all rights of withdrawal in respect of the Offer; or
 - (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Shares where the Expiration Time is not extended for more than 10 days or a variation consisting solely of a waiver of a condition to the Offer) (see "Offer to Purchase – Extension and Variation of the Offer"),

is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders as may be granted by applicable courts, securities regulatory authorities or applicable stock exchanges, including the TSX) and only if such tendered Shares have not been taken up by Quarterhill at the date of the notice.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depositary prior to 5:00 p.m. (Toronto, Ontario time) on the applicable date specified above at the place of tender of the relevant Shares. Any such notice of withdrawal must (i) be signed by or on behalf of the person who signed the Letter of Transmittal that accompanied the Shares being withdrawn or, in the case of Shares tendered by a CDS or DTC participant, be signed by such participant in the same manner as the participant's name as listed on the applicable Book-Entry Confirmation, or be accompanied by evidence sufficient to the Depositary that the person withdrawing the tender has succeeded to the beneficial ownership of the Shares, and (ii) specify the name of the person who tendered the Shares to be withdrawn, the name of the registered holder (if different from that of the person who tendered such Shares) and the number of Shares to be withdrawn. If the certificate(s) for the Shares tendered pursuant to the Offer have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificate(s), the tendering Shareholder must submit the serial number(s) shown on the particular certificate(s) evidencing the Shares to be

withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution, except in the case of Shares tendered by an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer described under “Offer to Purchase – Procedures for Tendering Shares”, the notice of withdrawal must also specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Shares, and must otherwise comply with CDS’ or DTC’s procedures. If a Shareholder has used more than one Letter of Transmittal or has otherwise tendered more than one group of Shares, such Shareholder may withdraw Shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information specified above is included. A withdrawal of Shares tendered pursuant to the Offer can only be accomplished in accordance with the foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depositary of a properly completed and executed notice of withdrawal in writing.

A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through a broker, dealer, commercial bank, trust company or other nominee should immediately contact such broker, dealer, commercial bank, trust company or other nominee to take the necessary steps to be able to withdraw such Shares under the Offer. Please be advised that such nominees may have their own deadlines relating to the withdrawal of your Shares that differ from those set out in this Offer to Purchase. We recommend that you contact any such nominee to find out its deadline.

Participants of CDS or DTC should contact such depository with respect to the withdrawal of Shares under the Offer.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by Quarterhill, in its sole discretion, which determination shall be final and binding, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law. None of Quarterhill, the Dealer Manager, the Depositary nor any other person will be obligated to give notice of defects or irregularities in notices of withdrawal, nor shall any of them incur any liability for failure to give any such notice.

Any Shares properly withdrawn will thereafter be deemed not tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered prior to the Expiration Time by again following the procedures described under “Offer to Purchase – Procedures for Tendering Shares”.

If Quarterhill extends the period of time during which the Offer is open, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to Quarterhill’s rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of Quarterhill all tendered Shares, and such Shares may not be withdrawn except to the extent that tendering Shareholders are entitled to withdrawal rights as described in this Section.

7. CONDITIONS OF THE OFFER

The Offer is not conditional upon any minimum number of Shares being tendered under the Offer and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer. Notwithstanding any other provision of the Offer, Quarterhill shall not be required to accept for purchase, to purchase or, subject to any applicable rules or regulations, to pay for any Shares tendered, and may extend, vary or terminate the Offer or may, subject to any applicable rules and regulations, postpone the acceptance for purchase of, or payment for, Shares tendered, if, at any time before the payment for any such Shares, any of the following events shall have occurred (or shall have been determined by Quarterhill to have occurred) which, in Quarterhill’s sole judgment, acting reasonably, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there shall have been threatened, taken or pending any action, suit or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction: (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by Quarterhill or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (ii) seeking material damages or that otherwise, in the sole judgment of Quarterhill, acting reasonably, has or may have a material adverse effect on the Shares or the business, income, assets, liabilities, condition or position (financial or

otherwise), properties, operations, results of operations or prospects of Quarterhill and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to Quarterhill or otherwise make it inadvisable to proceed with the Offer;

- (b) there shall have been (i) threatened, taken or pending any action or proceeding or approval withheld or (ii) any statute, rule, regulation, stay, decree, judgment or order, or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or Quarterhill or any of its subsidiaries by or before any court, government or governmental authority or regulatory or administrative agency or any statute, rule or regulation shall become operative or applicable in any jurisdiction that, in the sole judgment of Quarterhill, acting reasonably, might, directly or indirectly, result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of the Offer or impair the contemplated benefits of the Offer to Quarterhill;
- (c) there shall have occurred: (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) a natural disaster or the commencement or escalation of a war, armed hostilities, act of terrorism or other international or national calamity directly or indirectly involving Canada, the United States or any other region where Quarterhill maintains significant business activities, (iv) any limitation (whether or not mandatory) by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of Quarterhill, acting reasonably, might affect the extension of credit by banks or other lending institutions, (v) any significant decrease, in the sole judgment of Quarterhill, acting reasonably, in the market price of the Shares since the close of business on May 20, 2020 (including, without limitation, a decrease in excess of 10% of the market price of the Shares on the TSX since the close of business on May 20, 2020), (vi) any material change in short term or long term interest rates; (vii) any change in the general political, market, economic or financial conditions that, in the sole judgment of Quarterhill, acting reasonably, has or may have, individually or in the aggregate, a material adverse effect on Quarterhill's or its subsidiaries', taken as a whole, business, operations or prospects or the trading in, or value of, the Shares, (viii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 Composite Index by an amount in excess of 10%, measured from the close of business on May 20, 2020, (ix) any significant slowdown in economic growth, economic downturn, recession or other adverse economic development linked to the outbreak of a pandemic or contagious disease including but not limited to the recent COVID-19 viral outbreak that materially disrupts Quarterhill's business, or (x) in the case of any of the foregoing existing at the time of the commencement of the Offer, an acceleration or worsening thereof;
- (d) there shall have occurred a material change in U.S. or any other currency exchange rates or a suspension of or limitation on the markets for such currencies that could have, in the Quarterhill's reasonable judgment, a material adverse effect on the business, properties, assets, liabilities, capitalization, shareholders' equity, condition (financial or otherwise), operations, results of operations or prospects of Quarterhill, its subsidiaries or its investments, taken as a whole, or on the trading in the Shares;
- (e) there shall have occurred any change or changes (or any development involving any prospective change or changes) in: (i) general political, market (including, but not limited to, any stock market or currency or foreign exchange market), economic, financial or industry conditions in Canada or the United States, (ii) the business, earnings, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of Quarterhill or any of its subsidiaries that, in each case in the sole judgment of Quarterhill, acting reasonably, has or may have, individually or in the aggregate, a material adverse effect with respect to Quarterhill and its subsidiaries taken as a whole, or (iii) in the case of any of the foregoing existing at the time of the commencement of the Offer, an acceleration or worsening thereof;
- (f) any take-over bid or tender or exchange offer with respect to some or all of the securities of Quarterhill, or any merger, amalgamation, arrangement, business combination or acquisition proposal, disposition of assets outside of the ordinary course of business, or other similar transaction with or involving Quarterhill or any of its affiliates, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board, shall have been proposed, announced or made by any individual or entity;

- (g) Quarterhill shall have concluded, in its sole judgment, acting reasonably, that the Offer or the take up and payment for any or all of the Shares by Quarterhill is illegal or not in compliance with applicable law or stock exchange requirements, or that necessary exemptions under applicable securities legislation, including exemptions from obligations to take up Shares if the Offer is extended in certain circumstances, are not available to Quarterhill for the Offer and, if required under any such legislation, Quarterhill shall not have received the necessary exemptions from or approvals or waivers of the appropriate courts, securities regulatory authorities or stock exchange(s) in respect of the Offer;
- (h) any change shall have occurred or been proposed to the Tax Act or regulations thereunder, to the publicly available administrative policies or assessing practices of the Canada Revenue Agency ("CRA") or to relevant jurisprudence, that, in the sole judgment of Quarterhill, acting reasonably, is detrimental to Quarterhill or its subsidiaries, taken as a whole, or any one or more Shareholders, or with respect to making the Offer or taking up and paying for Shares tendered under the Offer;
- (i) any change shall have occurred or been proposed to the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder, or publicly available administrative policies of the U.S. Internal Revenue Service, or the equivalent laws, regulations and policies of another jurisdiction where one or more Shareholders are resident, that, in the sole judgment of Quarterhill, acting reasonably, is detrimental to Quarterhill or its subsidiaries, taken as a whole, or any one or more Shareholders, or with respect to making the Offer or taking up and paying for Shares tendered under the Offer;
- (j) Quarterhill shall have determined, in its sole judgment, acting reasonably, that a material liability under Part VI.1 of the Tax Act would arise in connection with the Offer;
- (k) completion of the Offer and the purchase of the Shares may cause the Shares to be delisted from the TSX;
- (l) Quarterhill shall have concluded, in its sole judgement, acting reasonably, that the Purchase Price exceeds a price equal to the fair market value of a Share at the time of the acquisition of such Share by Quarterhill pursuant to the Offer, determined without reference to the Offer;
- (m) there shall have occurred any significant decrease, in the sole judgement of Quarterhill, acting reasonably, in the value of Quarterhill's principal assets, individually or in the aggregate; or
- (n) no Auction Tenders or Purchase Price Tenders have been made pursuant to the Offer.

The foregoing conditions are for the sole benefit of Quarterhill and may be asserted by Quarterhill, in its sole discretion, acting reasonably, regardless of the circumstances (including any action or inaction by Quarterhill) giving rise to any such condition, or may be waived by Quarterhill, in its sole discretion, in whole or in part, at any time at or prior to the expiration of the Offer (other than those involving the receipt of any requisite government approvals), provided that any condition waived in whole or in part will be waived with respect to all Shares tendered. The failure by Quarterhill at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to the particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time at or prior to the expiration of the Offer (other than those involving the receipt of any requisite government approvals). For the avoidance of doubt, the foregoing conditions (other than those involving the receipt of any requisite government approvals) must be satisfied or waived at or prior to the expiration of the Offer. Any determination by Quarterhill concerning the events described in this Section shall be final and binding on all parties, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law.

Any waiver of a condition or the termination of the Offer by Quarterhill shall be deemed to be effective on the date on which notice of such waiver or termination by Quarterhill is delivered or otherwise communicated to the Depositary. Quarterhill, after giving notice to the Depositary of any waiver of a condition or the termination of the Offer, shall immediately make a public announcement of such waiver or termination and provide or cause to be provided, to the extent required by law, notice of such waiver or termination to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is terminated, Quarterhill shall not be obligated to take up, accept for purchase or pay for any

Shares tendered under the Offer, and the Depositary will return all certificates for tendered Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were tendered.

8. EXTENSION AND VARIATION OF THE OFFER

Subject to applicable law, Quarterhill expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified herein shall have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depositary and by causing the Depositary to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth under “Offer to Purchase – Notice”. Promptly after giving notice of an extension or variation to the Depositary, but, in the case of an extension, no later than 9:00 a.m. (Toronto, Ontario time), on the next business day following the last previously scheduled or announced Expiration Time, Quarterhill will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable Canadian securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer shall not expire before 10 days (except for any variation increasing or decreasing the percentage of Shares to be purchased, the consideration provided for under the Offer or fees payable to the Dealer Manager of the Offer, in which case the Offer shall not expire before 10 business days) after the notice of variation has been given to Shareholders, unless otherwise permitted by applicable law. During any such extension or in the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by Quarterhill in accordance with the terms of the Offer, subject to “Offer to Purchase – Withdrawal Rights”. An extension of the Expiration Time or a variation of the Offer does not constitute a waiver by Quarterhill of its rights under “Offer to Purchase – Conditions of the Offer”.

If Quarterhill makes a material change to the terms of the Offer or the information concerning the Offer, Quarterhill will extend the time during which the Offer is open to the extent required under applicable securities legislation.

Quarterhill also expressly reserves the right, in its sole discretion, (i) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for if certain events occur as described under “Offer to Purchase – Conditions of the Offer” and/or (ii) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the aggregate purchase price for Shares that Quarterhill may purchase or the range of prices it may pay pursuant to the Offer, subject to compliance with applicable securities legislation.

Any such extension, variation or termination will be followed promptly as practicable by a public announcement and by the filing and mailing of a notice of variation or extension, if applicable. Without limiting the manner in which Quarterhill may choose to make any public announcement, except as provided by applicable law, Quarterhill shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through a widely circulated news wire service.

9. TAKING UP AND PAYING FOR TENDERED SHARES

Upon the terms and provisions of the Offer (including pro-rata) and subject to and in accordance with applicable securities laws, Quarterhill will take up and pay for Shares validly tendered and not properly withdrawn under the Offer, in accordance with the terms thereof, promptly after the Expiration Time, but in any event not later than 10 days after the Expiration Time, provided that the conditions of the Offer (as the same may be varied) have been satisfied or waived on or prior to the Expiration Time. Any Shares taken up will be paid for as soon as practicable but in any event no later than three business days after they are taken up in accordance with applicable securities laws. Quarterhill will acquire Shares to be purchased pursuant to the Offer and title thereto under this Offer to Purchase effective from the time Quarterhill takes up and pays for such Shares.

For the purpose of the Offer, Quarterhill will be deemed to have taken up and accepted for payment Successfully Tendered Shares having an aggregate purchase price not exceeding \$20,000,000 if, as and when Quarterhill gives written

notice or other communication confirmed in writing to the Depositary to that effect.

Quarterhill reserves the right, in its sole discretion, subject to applicable securities laws, to delay taking up or paying for Shares or to terminate the Offer and not take up or pay for any Shares upon the occurrence of any of the events specified under “Offer to Purchase – Conditions of the Offer” on or prior to the Expiration Time, by giving written notice thereof or other communication confirmed in writing to the Depositary. Quarterhill also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Shares to comply, in whole or in part, with any applicable law.

In the event of pro-ration of Shares tendered pursuant to the Offer, Quarterhill will determine the pro-ration factor and pay for those tendered Shares accepted for payment promptly after the Expiration Time. However, Quarterhill does not expect to be able to announce the final results of any such pro-ration until approximately three business days after the Expiration Time.

Certificate(s) for all Shares not purchased under the Offer (including Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration, invalid tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificate(s) representing Shares all of which are not purchased) or replaced with new certificate(s) representing the balance of Shares not purchased (in the case of certificate(s) representing Shares of which less than all are purchased), or in the case of Shares tendered by book-entry transfer, credited to the account maintained with CDS or DTC by the participant who delivered the Shares, promptly after the Expiration Time (or termination of the Offer) or the date of withdrawal of the Shares, in any case without expense to the Shareholder.

Quarterhill will pay for Shares taken up under the Offer by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to tendering Shareholders. Under no circumstances will interest accrue or be paid by Quarterhill or the Depositary on the Purchase Price of the Shares purchased by Quarterhill, regardless of any delay in making such payment or otherwise.

Tendering Shareholders will not be obligated to pay brokerage fees or commissions to Quarterhill, the Dealer Manager or the Depositary. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a tender of Shares pursuant to the Offer.

The Depositary will act as agent of persons who have validly tendered Shares in acceptance of the Offer and have not properly withdrawn them, for the purposes of receiving payment from Quarterhill and transmitting payment to such persons. Receipt by the Depositary from Quarterhill of payment for such Shares will be deemed to constitute receipt of payment by persons tendering Shares. The Depositary will also coordinate with CDS and DTC with respect to Shareholders who have tendered Shares by way of book-entry transfer which are taken up and accepted by Quarterhill, to arrange for payment to be made to such Shareholders in accordance with the settlement procedures of CDS and DTC including a currency election if made available by CDS and DTC.

Unless the tendering Shareholder instructs the Depositary to make a wire payment by fully and correctly completing the appropriate box in the Letter of Transmittal, settlement with each Shareholder who has tendered Shares under the Offer will be effected by the Depositary by forwarding a cheque, representing the cash payment (less applicable withholding taxes, if any) for such Shareholder’s Shares taken up under the Offer. The cheque will be issued in the name of the person as specified by properly completing the appropriate box in the Letter of Transmittal. Unless the tendering Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by prepaid first class mail to the payee at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the tendering Shareholder as it appears in the registers maintained in respect of the Shares. Cheques, mailed in accordance with this paragraph will be deemed to have been delivered at the time of mailing.

Each registered Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such Shareholder exercises the applicable election in the Letter of Transmittal to use the Depositary’s currency exchange services to convert payment of the Purchase Price of the tendered Shares into U.S. dollars as described below. There is no additional fee payable by Shareholders who elect to use the

Depository's currency exchange services.

Each non-registered or beneficial Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such non-registered Shareholder contacts the intermediary in whose name such Shareholder's Shares are registered and requests that the intermediary make an election on its behalf to receive the Purchase Price in U.S. dollars as described below.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate available from Computershare Trust Company of Canada, in its capacity as foreign exchange service provider, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the tendering Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

Successfully Tendered Shares taken up and paid for by Quarterhill will immediately be cancelled by Quarterhill.

10. PAYMENT IN THE EVENT OF MAIL SERVICE INTERRUPTION

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificate(s) for any Shares to be returned will not be mailed if Quarterhill determines that delivery by mail may be delayed. Persons entitled to cheques or certificate(s) that are not mailed for this reason may take delivery at the office of the Depository at which the tendered certificate(s) for the Shares were delivered until Quarterhill has determined that delivery by mail will no longer be delayed. Quarterhill will provide notice, in accordance with this Offer to Purchase, of any determination under this Section not to mail as soon as reasonably practicable after such determination is made.

11. LIENS AND DIVIDENDS

Shares acquired pursuant to the Offer shall be acquired by Quarterhill free and clear of all hypothecs, liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer shall be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution, whether or not such Shareholder tenders Shares pursuant to the Offer.

A tender of Shares made pursuant to any method of delivery set forth herein will also constitute a representation and warranty to us that the tendering Shareholder has full power and authority to tender, sell, assign and transfer the tendered Shares and any and all dividends, distributions, payments, securities, rights, assets or other interests which may be declared, paid, issued, distributed, made or transferred on or in respect of the tendered Shares with a record date on or after the date that Quarterhill takes up and accepts for purchase the tendered Shares and that, if the tendered Shares are taken up and accepted for purchase by Quarterhill, Quarterhill will acquire good and marketable title thereto, free and clear of all liens, charges, claims, encumbrances, security interests, restrictions and equities whatsoever, together with all rights and benefits arising therefrom. Any such tendering Shareholder will, on request by the Depository or us, execute and deliver any additional documents deemed by the Depository or us to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered, all in accordance with the terms of the Offer.

All authority conferred or agreed to be conferred by delivery of the Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the tendering Shareholder and shall not be affected by, and shall survive, the death or incapacity of such tendering Shareholder.

12. NOTICE

Except as may be otherwise required by law and without limiting any other lawful means of giving notice, any notice to be given by Quarterhill or the Depository under the Offer will be deemed to have been properly given if it is broadly disseminated by press release or mailed by first-class mail, postage prepaid, to the registered Shareholders at

their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received following the issuance of such press release or on the first business day following the date of mailing, as applicable. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, Quarterhill will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which Quarterhill or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in the national edition of *The Globe and Mail* or the *National Post* and in *La Presse*.

13. OTHER TERMS

- (a) No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of Quarterhill, the Board, the Dealer Manager or the Depositary other than as contained in the Offer, and, if any such information or representation is given or made, it must not be relied upon as having been authorized by Quarterhill, the Board, the Dealer Manager or the Depositary.
- (b) The Offer and all contracts resulting from the acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (c) Quarterhill, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law.
- (d) The Offer is not being made to, and tenders will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance would not be in compliance with the laws of such jurisdiction. However, Quarterhill may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in such jurisdiction.
- (e) It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the “specified amount” in respect of each Share will be an amount equal to the Purchase Price for such Share less \$0.05. Quarterhill will publicly announce the specified amount when it announces the Purchase Price pursuant to the Offer.

Neither Quarterhill nor the Board, in making the decision to present the Offer to Shareholders, makes any recommendation to any Shareholder as to whether to tender or refrain from tendering Shares. Shareholders are urged to consult their own financial, legal, investment and tax advisors and make their own decision whether to tender Shares to the Offer and, if so, how many Shares to tender, and at what price or prices.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian securities legislation with respect to the Offer. The accompanying Circular contains additional information relating to the Offer.

DATED this 1st day of June, 2020.

QUARTERHILL INC.

Signed: (signed) “Paul Hill”
President & Chief Executive Officer

ISSUER BID CIRCULAR

This Circular is being furnished in connection with the Offer by Quarterhill to purchase for not more than \$20,000,000 in value of its Shares at a Purchase Price of not less than \$1.95 per Share and not more than \$2.15 per Share. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of the terms and conditions of the Offer.

1. QUARTERHILL INC.

Quarterhill is a Canadian company listed on the TSX (TSX: QTRH) and on the OTCQX Best Market (OTCQX: QTRHF) focused on being a disciplined acquirer and manager of established technology companies that are expected to operate alongside Quarterhill's existing patent monetization business, Wi-LAN Inc. ("**WiLAN**"), to generate consistent profits with a diverse offering of products and services worldwide.

Quarterhill's strategy is to acquire and manage financially attractive niche technology companies including those in the intelligent industrial systems markets such as the transportation industry. Quarterhill is focusing on building a consistently profitable company through the acquisition, management and growth of businesses in dedicated technology areas, with an emphasis on seeking out acquisition opportunities that provide a foundation for profitable growth and that have reasonable valuations, recurring revenues, predictable cash flows and margins, intimate customer relationships and dedicated management teams among other considerations. In appropriate circumstances, Quarterhill may also divest certain assets if favourable conditions for such a divestiture are presented. Quarterhill's existing businesses are described in more detail below.

WiLAN

WiLAN is a leading technology innovation and licensing company that, through internal research and development and acquisitions from third parties and strategic partnerships with other third parties, has acquired patents and patent applications in many different countries. Under these patents, WiLAN has granted more than 365 licenses to companies in many technology markets around the world. Both directly and through its wholly owned subsidiaries, WiLAN partners with its customers and other third parties to unlock the value of intellectual property through various patent monetization models. WiLAN operates in a variety of markets including automotive, digital television, Internet, medical semiconductor and wireless communications technologies.

International Road Dynamics

International Road Dynamics Inc. ("**International Road Dynamics**") is one of the world's leading providers of integrated systems and solutions for the global intelligent transportation systems industry (the "**ITS Industry**"), producing a portfolio of integrated hardware and software solutions to better detect, measure and analyze a variety of transportation challenges.

The ITS Industry is a global market focused on improving the mobility, enhancing the safety, increasing the efficiency and reducing the environmental impact of, highway and roadway transportation systems. International Road Dynamics has established a network of operations, relationships and installed systems in strategic geographic regions around the world using its technologies including its Weigh-In-Motion and vehicle measurement technologies that detect, classify and weigh vehicles at highway speeds.

International Road Dynamics' product offerings include automated systems for commercial vehicle operations at truck weigh stations, border crossings, highway traffic data collection and highway toll collection systems around the world for such customers as government transportation agencies, traffic engineering consultants and operators, city and municipal agencies, concessionaires, and industrial, mining and transportation companies.

2. AUTHORIZED CAPITAL

Quarterhill is authorized to issue an unlimited number of Shares, 6,350.9 special preferred shares and an

unlimited number of preferred shares, issuable in series. There are no issued or outstanding special preferred shares or preferred shares. On May 20, 2020, 118,865,333 Shares were issued and outstanding.

Shareholders are entitled to notice of and to vote at all meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Share. Subject to the preferences accorded to holders of preferred shares and any other shares ranking senior to the Shares from time to time with respect to the payment of dividends, none of which shares are currently issued or outstanding, holders of Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. In the event of the liquidation, dissolution or winding-up of Quarterhill, or any other distribution of assets among Shareholders for the purpose of winding-up Quarterhill's affairs (any such event, a "**Distribution**"), holders of Shares are, subject to the preferences accorded to holders of preferred shares and any of Quarterhill's other shares ranking senior to the Shares from time to time with respect to payment on a Distribution, none of which shares are currently issued or outstanding, entitled to share equally, share for share, in Quarterhill's remaining property.

3. PURPOSE AND EFFECT OF THE OFFER

Quarterhill and the Board believe that the Offer is a prudent use of Quarterhill's financial resources given the cash-flow generating potential of its portfolio companies, strong financial position, current market price of the Shares and its current cash requirements given its current pause in M&A strategy. In the view of the Board and Quarterhill management, the recent trading price of the Shares is not fully reflective of the value of Quarterhill's business and future prospects and, therefore, the purchase of Shares under the Offer represents an attractive investment and an equitable and efficient means of providing value to Shareholders, while maintaining Quarterhill's ability to pursue the growth of its existing businesses. In addition, because the purchase of Shares pursuant to the Offer will reduce the number of outstanding Shares, the Offer will be accretive to any future earnings per Share that Quarterhill may record, although there can be no assurance of such earnings.

In addition, the Board believes that the "modified Dutch auction" tender offer set forth in the Offer to Purchase and this Circular represents an efficient mechanism to provide Shareholders with the opportunity to tender all or a portion of their Shares and, thereby, receive a return of some or all of their investment if they so elect.

Quarterhill believes that the Offer provides Shareholders with an opportunity to obtain liquidity for all or a portion of their Shares without potential disruption to the Share price. In addition, if Quarterhill completes the Offer, Shareholders who do not participate in the Offer, or otherwise retain an equity interest in Quarterhill, will automatically increase their relative percentage ownership interest in Quarterhill.

The Offer also provides Shareholders with an efficient way to sell their Shares without incurring broker's fees or commissions associated with open market sales. However, Shareholders who hold Shares through brokers, dealers, commercial banks, trust companies or other nominees are urged to consult their brokers, dealers, commercial banks, trust companies or other nominees to determine whether transaction costs may apply if Shareholders tender Shares through the brokers, dealers, commercial banks, trust companies or other nominee and not directly to the Depositary.

Furthermore, Odd Lot Holders who hold Shares registered in their names and tender their Shares directly to the Depositary and whose Shares are purchased in the Offer will avoid any applicable Odd Lot discounts that might otherwise be payable on sales of their Shares. Shares acquired by Quarterhill pursuant to the Offer will be cancelled.

As at May 20, 2020, 118,865,333 Shares were issued and outstanding. The Offer is for a maximum of approximately 8.63% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$1.95 per Share (being the minimum Purchase Price under the Offer) and a maximum of approximately 7.83% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$2.15 per Share (being the maximum Purchase Price under the Offer).

Background to the Offer

The Board believes that the Offer is a prudent use of Quarterhill's financial resources given the cash-flow generating potential of its portfolio companies, strong financial position, current market price of the Shares and its current cash requirements given the recent pause in its M&A strategy. In the view of management, the recent trading price of the

Shares is not fully reflective of the value of Quarterhill's business and future prospects and therefore, the purchase of Shares under the Offer represents an attractive investment and an equitable and efficient means of providing value to its Shareholders, while maintaining Quarterhill's ability to pursue the growth of its existing businesses. In addition, because the purchase of Shares pursuant to the Offer will reduce the number of outstanding Shares, the Offer will be accretive to any future earnings per Share that Quarterhill may record, although there can be no assurance of such earnings.

For the reasons described above and for the reasons set out below, the Board determined that it would be in the best interests of Quarterhill to proceed with an issuer bid. The Offer was approved by the Board on May 20, 2020. In considering whether the Offer would be in the best interests of Quarterhill, the Board gave careful consideration to a number of factors, including, without limitation, the following:

- (a) its belief that the Offer is a prudent use of Quarterhill's financial resources given the cash-flow generating potential of its portfolio companies, strong financial position, current market price of the Shares and its current cash requirements given the recent pause in its M&A strategy;
- (b) the positive impact that the purchase of Shares having an aggregate purchase price not exceeding \$20,000,000 would have on Quarterhill's earnings calculated on a per Share basis as well as on the return on equity on the Shares;
- (c) after giving effect to the Offer, Quarterhill will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations;
- (d) the Offer is not expected to preclude Quarterhill from pursuing its foreseeable business, strategic opportunities or the future growth of Quarterhill's business;
- (e) the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in Quarterhill, should they desire liquidity, in quantities which might not otherwise be available in the market and without incurring brokerage commissions which might otherwise be payable on a sale of their Shares in a transaction on the TSX;
- (f) tendering Shares under the Offer is optional and available to all Shareholders and, therefore, each Shareholder is free to accept or reject the Offer;
- (g) Shareholders wishing to tender Shares may do so pursuant to Auction Tenders or Purchase Price Tenders;
- (h) the Offer is not conditional upon any minimum number of Shares being tendered under the Offer and Quarterhill has sufficient cash on hand to make full payment for the Shares it has offered to acquire under the Offer;
- (i) Shareholders who do not tender their Shares to the Offer, or who otherwise retain an equity interest in Quarterhill, will realize a proportionate increase in their equity interest in Quarterhill to the extent Shares are purchased by Quarterhill pursuant to the Offer;
- (j) the advice of CIBC World Markets Inc. with respect to the purchase price range of the Offer; and
- (k) that there is a liquid market for the Shares as of the date hereof and that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

The foregoing summary of the factors considered by the Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its determination to proceed with the Offer, the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion.

The Board, after careful consideration of the above mentioned reasons and based on the advice of the Dealer Manager with respect to the purchase price range of the Offer, determined that the Offer is in the best interests of

Quarterhill and its Shareholders and authorized the making of the Offer, the pricing of the Offer and the forms of the Offer to Purchase and Circular on May 20, 2020.

Notwithstanding the foregoing considerations, before making any decision to tender or not tender Shares to the Offer, Shareholders should carefully consider the risks associated with Quarterhill's business, including the risks described under the heading "Risk Factors" in Quarterhill's Annual Information Form for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020 and under the heading "Risk and Uncertainties" in Quarterhill's Management Discussion and Analysis for the year ended December 31, 2019 as filed on SEDAR on February 27, 2020.

None of Quarterhill, the Board, the Dealer Manager or the Depositary makes any recommendation to any Shareholder as to whether to tender or refrain from tendering Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions as to whether to tender Shares under the Offer, and, if so, how many Shares to tender and the price or prices at which to tender.

Canadian securities laws prohibit Quarterhill and its affiliates from acquiring or offering to acquire beneficial ownership of any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Time or termination of the Offer, except, in the case of acquisitions during the period following the Expiration Time, pursuant to certain acquisitions effected in the normal course on a published market or as otherwise permitted by applicable law.

Quarterhill may in the future, subject to applicable law, purchase additional Shares on the open market, in private transactions, through normal course issuer bids, other issuer bids or otherwise. Any such purchases may be on the same terms or on terms which are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by Quarterhill will depend on many factors, including the market price of the Shares, Quarterhill's business and financial position, the results of the Offer and general economic and market conditions.

Except as disclosed herein, neither Quarterhill, nor to Quarterhill's knowledge, any of its officers or directors has current plans or proposals which relate to, or would result in: (i) any extraordinary transaction involving Quarterhill, such as a merger, a reorganization, the sale or transfer of a material amount of its assets or the assets of any of its subsidiaries; (ii) any material change in its present Board or management; (iii) any material change in its indebtedness or capitalization; (iv) any other material change in its business or corporate structure; (v) any material change in its constating documents; (vi) or any actions similar to any of the foregoing.

Shareholders who do not tender their Shares to the Offer or whose Shares are not accepted because their tenders were at a price above the Purchase Price or due to the preferential acceptance of Odd Lots or pro-rata should be aware that while remaining Shareholders will have a proportionately increased equity interest in Quarterhill, the amounts available for future returns of capital to Shareholders, if any, on a per Share basis may be less than the Purchase Price under the Offer.

Liquidity of Market

As at May 20, 2020, there were 118,865,333 Shares issued and outstanding, of which, to Quarterhill's knowledge, 103,280,955 Shares comprise the public float, which excludes Shares beneficially owned, or over which control or direction is exercised, by "related parties" of Quarterhill and Shares that are not "freely tradeable" (each as defined in MI 61-101) (the "**public float**"). The maximum number of Shares that Quarterhill is offering to purchase pursuant to the Offer, if the Purchase Price is determined to be \$1.95 per Share (which is the minimum Purchase Price under the Offer), is 10,256,410 Shares, which represents approximately 8.63% of the Shares outstanding. If Quarterhill purchases such maximum number of Shares, there will be approximately 108,608,923 Shares outstanding. In addition, if Quarterhill purchases 10,256,410 Shares pursuant to the Offer and none of the "related parties" of Quarterhill deposit their Shares pursuant to the Offer, the "public float" will comprise approximately 93,024,545 Shares. If the Purchase Price is determined to be \$2.15 per Share (which is the maximum Purchase Price under the Offer), the maximum number of Shares that Quarterhill is offering to purchase pursuant to the Offer is 9,302,325 Shares, which represents approximately 7.83% of the Shares outstanding. If Quarterhill purchases such maximum number of Shares, there will be approximately 109,563,008 Shares outstanding. In addition, if Quarterhill purchases 9,302,325 Shares pursuant to the Offer and none of the "related parties" of Quarterhill deposit their Shares pursuant to the Offer, the "public float" will comprise approximately 93,978,630 Shares.

Quarterhill is relying on the “liquid market exemption” in MI 61-101 from the requirement to obtain a formal valuation applicable to the Offer. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer. Quarterhill has determined that there is a liquid market in the Shares because.

- (a) there is a published market for the Shares, namely the TSX;
- (b) during the 12-month period before May 21, 2020 (the date Quarterhill publicly announced the Offer):
 - (i) the number of issued and outstanding Shares was at all times at least 5,000,000, excluding Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and Shares that were not freely tradeable;
 - (ii) the aggregate trading volume of the Shares on the TSX was at least 1,000,000 Shares;
 - (iii) there were at least 1,000 trades in Shares on the TSX; and
 - (iv) the aggregate value of the trades in the Shares on the TSX was at least \$15,000,000; and
- (c) the market value of the Shares on the TSX, as determined in accordance with MI 61-101, was at least \$75,000,000 for April 2020 (the calendar month preceding the calendar month in which the Offer was publicly announced).

The Board also believes that it is reasonable to conclude that, following completion of the Offer, there will be a market for beneficial owners of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. In making their determination, the Board considered many factors, including without limitation:

- (a) the extent by which the trading volume, number of trades and aggregate trading value during the 12-month period preceding the Offer, the size of the public float and the market value of the Shares, exceeds the minimum objective liquid market requirements pursuant to MI 61-101; and
- (b) the number of Shares to be acquired in relation to the public float, the trading volumes of and the number of trades in the Shares on the TSX, the value of trades on the TSX and the market value of the Shares, in the 12 months preceding the Offer.

Accordingly, Quarterhill is exempted from the valuation requirements of the securities regulatory authorities in Canada applicable to issuer bids generally in connection with the Offer.

Additional Securities Law Considerations

Quarterhill is a reporting issuer (or the equivalent thereof) in each of the provinces and territories of Canada, and the Shares are listed on the TSX. Quarterhill believes that the purchase of Shares pursuant to the Offer will not result in: (i) Quarterhill ceasing to be a reporting issuer in any jurisdiction in Canada, or (ii) the Shares being delisted from the TSX.

4. WITHDRAWAL RIGHTS

The withdrawal rights of Shareholders are described under “Offer to Purchase – Withdrawal Rights” and are incorporated into and form part of this Circular.

5. FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of Quarterhill as at and for the three-month period ended March 31, 2020 may be found at Quarterhill’s SEDAR profile at www.sedar.com. Shareholders may obtain copies of the most recent financial statements free of charge upon request to Quarterhill’s Senior Vice President, General Counsel and Corporate Secretary at pwatchmaker@quarterhill.com.

6. PRICE RANGE AND TRADING VOLUME OF THE SHARES

The outstanding Shares are listed on the TSX under the trading symbol “QTRH”. The following table sets forth the price range, calculated using intraday high and low prices, and trading volume of the Shares on the TSX, being the market on which the Shares are principally traded, for the six-month period preceding the date hereof:

Month	Volume	High Trading Price	Low Trading Price
November 2019	2,248,664	\$1.84	\$1.64
December 2019	3,313,429	\$1.81	\$1.53
January 2020	5,613,528	\$2.10	\$1.62
February 2020	2,564,257	\$2.03	\$1.70
March 2020	5,991,387	\$1.82	\$1.30
April 2020	3,998,126	\$1.80	\$1.60
May 1, 2020 to May 25, 2020	5,684,502	\$2.12	\$1.70

On May 20, 2020, the last full trading day prior to the public announcement of Quarterhill of its intention to make the Offer, the closing price of the Shares on the TSX was \$1.99 per Share.

Shareholders are urged to obtain current market quotations for the Shares.

7. DIVIDEND POLICY

Subject to the solvency restrictions in the CBCA, provided Quarterhill does not issue any other classes of shares that are authorized in its articles, which it has no present intention to do, there are no restrictions in Quarterhill’s articles that would prevent it from paying dividends or distributions on the Shares. The declaration and payment of dividends is at the sole discretion of the Board and may vary depending on a variety of factors and conditions. The Board reviews Quarterhill’s dividend policy periodically in the context of Quarterhill’s earnings, financial condition and other relevant factors.

Since May 1, 2018, the following cash dividends have been paid to Shareholders:

Dividend Declaration Date	Dividend Record Date	Dividend Payment Date	Dividend per Share
May 9, 2018	June 15, 2018	July 6, 2018	CDN\$0.0125
August 8, 2018	September 14, 2018	October 5, 2018	CDN\$0.0125
November 7, 2018	December 14, 2018	January 9, 2019	CDN\$0.0125
February 27, 2019	March 22, 2019	April 5, 2019	CDN\$0.0125
May 8, 2019	June 14, 2019	July 5, 2019	CDN\$0.0125
August 7, 2019	September 13, 2019	October 4, 2019	CDN\$0.0125
November 6, 2019	December 13, 2019	January 10, 2020	CDN\$0.0125
February 26, 2020	March 20, 2020	April 3, 2020	CDN\$0.0125

On May 21, 2020, Quarterhill announced a cash dividend in the amount of \$0.0125 per Share. The dividend will be paid on July 3, 2020 to Shareholders of record as of June 12, 2020.

8. PREVIOUS PURCHASES AND SALES

Excluding Shares issued upon the exercise of employee stock options or vesting of performance stock units (“PSUs”) in accordance with their respective terms, no securities of Quarterhill have been purchased or sold by Quarterhill during the 12 months preceding the date of the Offer.

9. PREVIOUS DISTRIBUTIONS OF SHARES

There have been no distributions of any Shares during the five years preceding the date of the Offer.

10. OWNERSHIP OF QUARTERHILL SECURITIES

To Quarterhill’s knowledge, after reasonable inquiry, the following table indicates, as at May 20, 2020, the

number of Quarterhill securities (being Shares, options to purchase Shares (“**Options**”), PSUs and cash-based restricted stock units (“**RSUs**”)) beneficially owned or over which control or direction is exercised, by each director and officer of Quarterhill and, after reasonable inquiry, by each insider of Quarterhill (other than directors and executive officers) and their respective associates and affiliates, and each associate or affiliate of Quarterhill or person or company acting jointly or in concert with Quarterhill in connection with the Offer (collectively, the “**Disclosable Persons**”), as well as the percentage of outstanding Shares so owned.

General information relating to Options, PSUs and RSUs may be found in the Compensation Disclosure and Analysis contained in Quarterhill’s Management Information Circular for its Annual and General Meeting of Shareholders held on April 15, 2020, a copy of which may be found at Quarterhill’s SEDAR profile at www.sedar.com.

Name and Relationship with Quarterhill	Shares ⁽¹⁾		Options		PSUs		RSUs	
	Number	% ⁽²⁾	Number	% ⁽²⁾	Number	% ⁽²⁾	Number	% ⁽²⁾
Roxanne Anderson Director	98,891	0.08%	248,099	3.76%	0	0.00%	0	0.00%
David Cortens Interim Chief Financial Officer	4,200 ⁽³⁾	0.00% ⁽⁴⁾	100,000	1.52%	0	0.00%	2,661	0.59%
Michel Fattouche Director	1,922,494 ⁽⁵⁾	1.62%	131,758	2.00%	0	0.00%	0	0.00%
John Gillberry Chairperson & Director	115,364	0.10%	248,099	3.76%	0	0.00%	0	0.00%
Randy Hanson President & Chief Executive Officer International Road Dynamics	33,000	0.03%	216,250	3.28%	32,000	12.30%	3,460	0.77%
Paul Hill President & Chief Executive Officer	122,000	0.10%	1,400,000	21.22%	0	0.00%	0	0.00%
Ron Laurie Director	38,163	0.03%	248,099	3.76%	0	0.00%	0	0.00%
Paul McCarten Director	64,783 ⁽⁶⁾	0.05%	248,099	3.76%	0	0.00%	0	0.00%
Richard Shorkey Director	56,716 ⁽⁷⁾	0.04%	248,099	3.76%	0	0.00%	0	0.00%
James Skippen Vice-Chairperson & Director	451,500 ⁽⁸⁾	0.38%	146,542	2.22%	0	0.00%	203,434	45.22%
Michael Vladescu President & Chief Executive Officer WiLAN	115,755	0.10%	564,220	8.55%	28,000	10.76%	21,116	4.69%
Prashant Watchmaker Senior Vice-President, General Counsel & Corporate Secretary	66,055	0.06%	244,660	3.71%	137,248	52.74%	21,499	4.78%

Notes:

- (1) Information concerning Shares owned by each Disclosable Person, or over which control or direction is exercised, has been provided by the respective directors and officers listed above.
- (2) The percentage of outstanding securities disclosed is calculated as the number of securities of the class (Shares, Options, PSUs or RSUs, respectively) held by such Disclosable Person divided by the aggregate number of securities of that same class issued and outstanding as at the date hereof.
- (3) Includes 1,700 Shares held by Mr. Cortens’ spouse.
- (4) Represents less than 0.01% of the total number of issued and outstanding Shares.
- (5) Includes 1,910,264 Shares held by a corporation controlled by Dr. Fattouche.
- (6) Does not include 3,600 Shares owned beneficially and of record by Mr. McCarten’s spouse, over which Shares Mr. McCarten has irrevocably disclaimed any and all control and direction.
- (7) Includes 5,000 Shares held by Mr. Shorkey’s spouse.
- (8) All Shares held by a corporation controlled by a trust in which Mr. Skippen and his spouse are two of the trustees.

11. ACCEPTANCE OF OFFER

To Quarterhill's knowledge, after reasonable inquiry, no Disclosable Person has indicated the present intention to tender any of such person's Shares pursuant to the Offer. Quarterhill's management and its Board have agreed not to tender any Shares to the Offer.

12. AGREEMENTS, COMMITMENTS AND UNDERSTANDINGS

Except for Shares issued, purchased or sold pursuant to the exercise of employee stock options or in connection with Quarterhill's security-based compensation arrangements and as otherwise described in the Offer to Purchase and this Circular, Quarterhill has no commitments to purchase Shares and, to Quarterhill's knowledge, after reasonable inquiry, no Disclosable Person is a party to any agreement, arrangement, commitment or understanding with respect to securities of Quarterhill and there are no agreements, commitments or understandings made or proposed to be made between Quarterhill and a holder of any securities of Quarterhill in relation to the Offer. Neither Quarterhill, nor a designated broker acting on its behalf, has purchased or will purchase Shares from the time the Offer was publicly announced on May 21, 2020 until its expiration.

13. BENEFITS FROM THE OFFER

Except as described or referred to herein, no Disclosable Person will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any Shares purchased by Quarterhill in accordance with the terms of the Offer and any benefit available to any Shareholder who does or does not participate in the Offer.

14. MATERIAL CHANGES IN THE AFFAIRS OF QUARTERHILL

Except as described or referred to herein, (a) Quarterhill does not have any plans or proposals for material changes in the affairs of Quarterhill, other than as have been publicly disclosed, (b) there have not been any material changes that have occurred, other than as have been publicly disclosed, and (c) Quarterhill is not aware of any material fact concerning the Shares or any other matter not previously publicly disclosed and known to Quarterhill that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

15. PRIOR VALUATIONS AND BONA FIDE OFFERS

To the knowledge of the directors and officers of Quarterhill, after reasonable inquiry, no "prior valuation" (as defined in MI 61-101) in respect of Quarterhill has been made in the 24 months before the date hereof. No bona fide prior offer that relates to the Shares or is otherwise relevant to the Offer has been received by Quarterhill during the 24 months preceding May 21, 2020 (the date on which the Offer was publicly announced).

16. INCOME TAX CONSIDERATIONS

Certain Canadian Federal Income Tax Considerations

Quarterhill has been advised by Norton Rose Fulbright Canada LLP that the following summary describes, as of the date hereof, certain of the material Canadian federal income tax considerations under the Tax Act generally applicable to Shareholders who dispose of their Shares to Quarterhill pursuant to the Offer.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form currently proposed. No assurances can be given that the Proposed Amendments will be enacted as currently proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Shareholder: (i) that is a “financial institution” for purposes of the “mark-to-market” rules, (ii) that is a “specified financial institution”, (iii) an interest in which is a “tax shelter investment”, (iv) that has entered into, or will enter into, with respect to their Shares, a “derivative forward agreement” or a “dividend rental arrangement”, or (v) that reports its “Canadian tax results” in a currency other than Canadian dollars, as each of those terms is defined in the Tax Act. This summary is also not applicable to a Shareholder that acquired Shares pursuant to the exercise of an employee stock option and who disposes of such Shares pursuant to the Offer. Such Shareholders should consult their own tax advisors regarding their particular circumstances.

Having regard to the deemed dividend tax treatment described below on a sale of Shares pursuant to the Offer as opposed to capital gains (or capital loss) treatment which would generally apply to a sale in the market, Shareholders who wish to sell their Shares and who are not generally exempt from Canadian federal income tax should consult their tax advisors regarding selling their Shares in the market as an alternative to selling Shares pursuant to the Offer.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Shareholder and no representations with respect to Canadian federal income tax consequences to any particular Shareholder are made. Accordingly, Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

Canadian Currency

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Shares must be expressed in Canadian dollars, including adjusted cost base and proceeds of disposition. Amounts denominated in another currency must be converted into Canadian dollars using the applicable rate of exchange (for purposes of the Tax Act) quoted by the Bank of Canada on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA.

Residents of Canada

A Resident Shareholder who sells a Share to Quarterhill pursuant to the Offer will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by Quarterhill for the Share over its paid-up capital for purposes of the Tax Act. Quarterhill estimates that the paid-up capital per Share as of the date hereof is approximately \$1.63. Following the Expiration Time, Quarterhill will advise Shareholders of any material change to this estimate. As a result, Quarterhill expects that a Resident Shareholder who sells Shares pursuant to the Offer will be deemed to receive a dividend for purposes of the Tax Act. The exact amount of the deemed dividend cannot be guaranteed. Any dividend deemed to be received by a Resident Shareholder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit if Quarterhill validly designates the dividend as an “eligible dividend”. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Subject to such limitations, Quarterhill intends to designate all deemed dividends arising as a result of a sale of Shares pursuant to the Offer as eligible dividends. Subject to the application of subsection 55(2) of the Tax Act, as described below, any dividend deemed to be received by a Resident Shareholder that is a corporation will be included in computing such corporation’s income as a dividend, and will generally be deductible in computing its taxable income. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay refundable tax under Part IV of the Tax Act.

Under subsection 55(2) of the Tax Act, a Resident Shareholder that is a corporation may be required to treat all or a portion of any deemed dividend that is deductible in computing taxable income as proceeds of disposition and not as a dividend, generally in circumstances where the Resident Shareholder would have realized a capital gain if it disposed of any Share at fair market value immediately before the sale of Shares to Quarterhill and the sale to Quarterhill resulted in a significant reduction in such capital gain. The application of subsection 55(2) involves a number of factual considerations that will differ for each Resident Shareholder, and a Resident Shareholder is urged to consult its own tax advisors concerning its application having regard to the Resident Shareholder’s particular circumstances.

The amount paid by Quarterhill pursuant to the Offer for the Shares less any amount deemed to be received by the Resident Shareholder as a dividend (after the application of subsection 55(2) in the case of a Resident Shareholder that

is a corporation) will be treated as proceeds of disposition of the Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Shares equal to the amount by which the Resident Shareholder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Shares sold to Quarterhill pursuant to the Offer.

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by it in that year. A Resident Shareholder must generally deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year, and any excess may generally be applied to reduce taxable capital gains realized by the Resident Shareholder in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act.

The amount of a capital loss realized on the disposition of a Share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of dividends received or deemed to be received on the Shares (including any dividends deemed to be received as a result of the sale of a Share to Quarterhill pursuant to the Offer). Similar rules may apply where Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Shareholder who is an individual (other than a trust) and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss denied if the "superficial loss" rules in the Tax Act apply. In general, these rules may apply if the Resident Shareholder (or a person affiliated with the Resident Shareholder for purposes of the Tax Act) acquires additional Shares in the period commencing 30 days prior to, and ending 30 days after, the disposition of the Shares pursuant to the Offer. Resident Shareholders who are individuals are urged to consult their own tax advisors with respect to the application of the "superficial loss" rules in their particular circumstances.

Similarly, a Resident Shareholder that is a corporation or trust and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss suspended if the "suspended loss" rules in the Tax Act apply. In general, these rules may apply if the Resident Shareholder (or a person affiliated with it for purposes of the Tax Act) acquires additional Shares in the period commencing 30 days prior, and ending 30 days after, the disposition of Shares pursuant to the Offer. Resident Shareholders that are corporations or trusts are urged to consult their own tax advisors with respect to the application of the "suspended loss" rules in their particular circumstances.

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout the year may be liable to pay an additional refundable tax on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains. A Resident Shareholder who is an individual or a trust (other than certain specified trusts), and who realizes a capital gain on the disposition of Shares pursuant to the Offer, may be subject to alternative minimum tax under the Tax Act. Resident Shareholders should consult their own tax advisors with respect to the alternative minimum tax rules set out in the Tax Act.

Non-Residents of Canada

This portion of the summary is applicable to a Shareholder who, at all relevant times for purposes of the Tax Act: (i) is not resident or deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Shares in connection with carrying on a business in Canada, (iii) deals at arm's length with and is not affiliated with Quarterhill, and (iv) is not an insurer that carries on an insurance business in Canada and elsewhere (a "**Non-Resident Shareholder**").

A Non-Resident Shareholder who sells a Share to Quarterhill pursuant to the Offer will be deemed to receive a dividend equal to the excess, if any, of the amount paid by Quarterhill for the Share over its paid-up capital for purposes of the Tax Act. Quarterhill estimates that the paid-up capital per Share on the date hereof is approximately \$1.63. Following the Expiration Date, Quarterhill will advise Shareholders of any material change to this estimate. As a result, Quarterhill expects that Non-Resident Shareholders who sell Shares pursuant to the Offer will be deemed to receive a dividend for purposes of the Tax Act. The exact amount of the deemed dividend cannot be guaranteed. Any such dividend will be subject to Canadian withholding tax at a rate of 25% or such lower rate as may be permitted under the terms of an applicable tax convention. For example, a dividend received or deemed to be received by a Non-Resident Shareholder that is a resident of the United States for purposes of the Canada-United States Income Tax Convention (the

“U.S. Treaty”), is eligible for benefits under the U.S. Treaty, and is the beneficial owner of such dividends, will generally be subject to withholding tax at a treaty-reduced rate of 15%.

The amount paid by Quarterhill for the Shares (less any amount deemed to be received by the Non-Resident Shareholder as a dividend) will be treated as proceeds of disposition of the Shares. A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Shares pursuant to the Offer unless the Shares are “taxable Canadian property” of the Non-Resident Shareholder for purposes of the Tax Act and such gain is not otherwise exempt from tax under an applicable income tax convention between Canada and the jurisdiction in which the non-Resident Shareholder is resident (if any).

Generally, provided that the Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the TSX) at the time of disposition, the Shares will not constitute “taxable Canadian property” of a Non-Resident Shareholder unless, at any time during the 60-month period immediately preceding the disposition,

- (a) 25% or more of the issued shares of any class or series of Quarterhill’s shares were owned by one or any combination of (i) the Non-Resident Shareholder, (ii) persons with whom the Non-Resident Shareholder did not deal at arm’s length (within the meaning of the Tax Act), and (iii) partnerships in which the Non-Resident Shareholder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, and
- (b) more than 50% of the fair market value of the Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any properties described in (a) above, whether or not such properties exist.

A Share may also be deemed to be taxable Canadian property of a Non-Resident Shareholder in certain circumstances set out in the Tax Act. **Non-Resident Shareholders whose shares may be taxable Canadian property are urged to consult with their own tax advisors.**

In the event a Share is taxable Canadian property of a Non-Resident Shareholder at the time of disposition and the capital gain realized on disposition of the Share is not exempt from tax under the Tax Act pursuant to the provisions of an applicable tax convention, the tax consequences in respect of capital gains described above under “Residents of Canada” will generally apply.

Certain United States Federal Income Tax Considerations

This is a general summary of certain material U.S. federal income tax consequences of the sale of Shares pursuant to the Offer applicable to “U.S. Holders” as defined below. This discussion is based on the Code, applicable Treasury Regulations and administrative and judicial interpretations, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all the tax consequences that may be relevant to a particular Shareholder in light of the Shareholder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income. Different rules that are not discussed below may apply to certain Shareholders subject to special tax rules such as, for example, partnerships (or entities classified as partnerships for U.S. federal income tax purposes), insurance companies, tax-exempt persons, financial institutions, regulated investment companies, dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting, persons that hold Shares as a position in a “straddle” or as part of a “hedge”, “conversion transaction” or other integrated investment, persons who received Shares as compensation, persons whose functional currency is other than the U.S. dollar, expatriates and certain former citizens or long-term residents of the U.S., persons who hold 10% or more (by vote or value) of the outstanding Shares, persons who indirectly own Shares through a controlled foreign corporation or a passive foreign investment company or persons required to recognize any item of gross income with respect to the Offer as a result of such income being recognized on an applicable financial statement.

This summary does not address any state, local or foreign tax considerations, alternative minimum tax considerations or any U.S. federal taxes other than income taxes (such as estate or gift taxes), in each case, that may be relevant to a Shareholder’s decision to tender Shares pursuant to the Offer. This summary assumes Shares are held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary is

for general information only and is not intended to constitute a complete description of all tax consequences relating to the Offer. Each U.S. Holder is urged to consult his or her own tax advisor with respect to the U.S. federal, state and local consequences of participating in the Offer, as well as any tax consequences arising under the laws of any other taxing jurisdiction.

As used herein, a “**U.S. Holder**” is a beneficial owner of Shares who is:

- (i) an individual who is a citizen or resident of the United States;
- (ii) a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- (iv) a trust that (A) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (B) otherwise has validly elected to be treated as a U.S. domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective participants in the Offer that are partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) should consult their own tax advisors concerning the U.S. federal income tax consequences to them and their partners of the participation in the Offer by the partnership.

Tax Consequences of Offer – Distribution vs. Sale Treatment

Subject to the passive foreign investment company (“**PFIC**”) rules discussed below, Quarterhill’s purchase of Shares from a U.S. Holder pursuant to the Offer will be treated either as a sale or exchange of the Shares or as a distribution by Quarterhill. The purchase will be treated as a sale or exchange if the U.S. Holder meets any of the three tests discussed below under “Determination of Sale or Distribution Treatment”. It will be treated as a distribution if the U.S. Holder satisfies none of those tests.

If the purchase of Shares from a U.S. Holder is treated as a sale or exchange, the U.S. Holder will recognize gain or loss equal to the difference between the amount of cash received by the U.S. Holder and the U.S. Holder’s tax basis in the Shares sold. The gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Shares were held more than one year. A U.S. Holder must calculate gain or loss separately for each block of Shares that he or she owns, and the gains and losses for each block may not be netted in determining overall gain or loss. A U.S. Holder may be able to designate which blocks and the order of such blocks of Shares to be tendered pursuant to the Offer. The gain or loss will generally be U.S. source for foreign tax credit purposes. Consequently, a U.S. Holder may not be able to credit any Canadian withholding tax imposed on the sale of Shares unless such credit can be applied (subject to applicable limitations) against tax due on other foreign source income.

If the purchase of Shares from a U.S. Holder is treated as a distribution by Quarterhill, the full amount of cash received by the U.S. Holder for the Shares (without any offset for the U.S. Holder’s tax basis in the purchased Shares) will be treated as a dividend, without reduction for any Canadian taxes withheld from the amount paid, to the extent of the U.S. Holder’s share of Quarterhill’s current and accumulated earnings and profits, if any, determined under U.S. federal income tax principles. The tax basis of the U.S. Holder’s sold Shares will be added to the tax basis of his or her remaining Shares. Quarterhill may not maintain calculations of earnings and profits in accordance with U.S. federal income tax principles and each U.S. Holder should therefore assume that any distribution by Quarterhill with respect to the Shares will generally be treated as a dividend for U.S. federal income tax purposes.

For non-corporate U.S. Holders, a dividend may constitute “qualified dividend income” that is taxed at the lower applicable capital gains rate provided that certain conditions are satisfied, including certain holding period requirements. To the extent payments made by Quarterhill exceed a U.S. Holder’s allocable share of Quarterhill’s current and accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, causing a reduction in the U.S. Holder’s adjusted basis in his or her Shares, and any amounts in excess of the U.S. Holder’s adjusted

basis will be treated as capital gain. Shareholders should consult their own tax advisors concerning the rules discussed in this paragraph in their particular circumstances.

Determination of Sale or Distribution Treatment

Under Section 302 of the Code, a sale of Shares for cash by a U.S. Holder pursuant to the Offer will be treated as a sale or exchange of the Shares for U.S. federal income tax purposes if:

- (a) the sale completely terminates the U.S. Holder's equity interest in Quarterhill;
- (b) the receipt of cash by the U.S. Holder is "not essentially equivalent to a dividend"; or
- (c) as a result of the sale, there is a "substantially disproportionate" reduction in the U.S. Holder's equity interest in Quarterhill.

If none of these tests are met with respect to a particular U.S. Holder, then the sale of a U.S. Holder's Shares pursuant to the Offer will be treated as a distribution to the U.S. Holder with respect to such U.S. Holder's remaining Shares.

In applying these tests, the constructive ownership rules of Section 318 of the Code apply. Thus, a U.S. Holder is treated as owning not only Shares actually owned by the U.S. Holder but also Shares actually (and in some cases constructively) owned by others. Under the constructive ownership rules, a U.S. Holder will be considered to own Shares owned, directly or indirectly, by certain members of the U.S. Holder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the U.S. Holder has an equity or beneficial interest, as well as Shares that the U.S. Holder has an option to purchase.

It may be possible for a tendering U.S. Holder to satisfy one of these three tests by contemporaneously selling or otherwise disposing of all or some of the Shares that such U.S. Holder actually or constructively owns that are not purchased pursuant to the Offer. Correspondingly, a tendering U.S. Holder may not be able to satisfy one of these three tests because of contemporaneous acquisitions of Shares by such U.S. Holder or a related party whose Shares are attributed to such U.S. Holder. Shareholders should consult their own tax advisors regarding the tax consequences of such sales or acquisitions in their particular circumstances.

Complete Termination. A purchase of Shares pursuant to the Offer will result in a "complete termination" of the U.S. Holder's interest in Quarterhill if, immediately after the sale, either:

- (a) the U.S. Holder owns, actually and constructively, no Shares; or
- (b) the U.S. Holder actually owns no Shares and effectively waives constructive ownership of any constructively owned Shares under the procedures described in Section 302(c)(2) of the Code. If a U.S. Holder desires to file such a waiver, the U.S. Holder should consult his or her own tax advisor.

Not Essentially Equivalent to a Dividend. A purchase of Shares pursuant to the Offer will be treated as "not essentially equivalent to a dividend" if it results in a "meaningful reduction" in the selling U.S. Holder's proportionate interest in Quarterhill. Whether a U.S. Holder meets this test will depend on relevant facts and circumstances. In measuring the change, if any, in a U.S. Holder's proportionate interest in Quarterhill, the meaningful reduction test is applied by taking into account all Shares that Quarterhill purchases pursuant to the Offer, including Shares purchased from other U.S. Holders.

The United States Internal Revenue Service (the "IRS") has held in a published ruling that, under the particular facts of that ruling, a small reduction in the percentage share ownership of a small minority shareholder in a publicly and widely held corporation who did not exercise any control over corporate affairs constituted a "meaningful reduction". If, taking into account the constructive ownership rules of Section 318 of the Code, a U.S. Holder owns Shares that constitute only a minimal interest in Quarterhill and does not exercise any control over the affairs of Quarterhill, any reduction in the U.S. Holder's percentage ownership interest in Quarterhill should be a "meaningful reduction". Such selling U.S. Holder should, under these circumstances, be entitled to treat his or her sale of Shares pursuant to the Offer as a sale for

U.S. federal income tax purposes. Shareholders should consult their own tax advisors with respect to the application of the “not essentially equivalent to a dividend” test in their particular circumstances.

Substantially Disproportionate. A purchase of Shares pursuant to the Offer will be “substantially disproportionate” as to a U.S. Holder if (i) the percentage of the then outstanding Shares actually and constructively owned by such U.S. Holder immediately after the purchase is less than 80% of the percentage of the outstanding Shares actually and constructively owned by such U.S. Holder immediately before the purchase, and (ii) the percentage of the total combined voting power of Quarterhill actually and constructively owned by such U.S. Holder immediately after the purchase is less than 50% of the total combined voting power of Quarterhill. Shareholders should consult their own tax advisors with respect to the application of the “substantially disproportionate” test in their particular circumstances.

Quarterhill Cannot Predict Whether There Will Be Sale or Distribution Treatment

Quarterhill cannot predict whether or the extent to which the Offer will be oversubscribed. If the Offer is oversubscribed, pro-ration of tenders pursuant to the Offer will cause Quarterhill to accept fewer Shares than are tendered. Consequently, Quarterhill can give no assurance that a sufficient number of any U.S. Holder’s Shares will be purchased pursuant to the Offer to ensure that such purchase will be treated as a sale, rather than as a distribution, for U.S. Federal income tax purposes under the rules discussed above.

Corporate Dividends – Received Deduction

In the case of a corporate U.S. Holder, if cash received pursuant to the Offer is treated as a dividend, the resulting dividend income will not qualify for the dividends-received deduction otherwise generally available to corporate U.S. Holders.

Consequences to Shareholders Who Do Not Sell Shares Pursuant to the Offer

U.S. Holders who do not sell Shares pursuant to the Offer will not incur any U.S. federal income tax liability as a result of the consummation of the Offer.

Passive Foreign Investment Company

In general, a non-U.S. corporation is classified as a PFIC under Section 1297 of the Code for each taxable year in which (i) 75% or more of its income is passive income (as defined for U.S. federal income tax purposes) or (ii) on average for such taxable year, 50% or more (by value) of its assets either produce or are held for the production of passive income. For purposes of the PFIC provisions, “gross income” generally means sales revenue less cost of goods sold and “passive income” generally includes dividends, interest, royalties, rents and gains from commodities or securities transactions, including certain transactions involving oil and gas. In determining whether or not it is classified as a PFIC, a non-U.S. corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest, measured by value.

If a non-U.S. corporation is classified as a PFIC, or is treated as a PFIC with respect to a U.S. Holder under the “once a PFIC, always a PFIC” rule described below and the U.S. Holder has not made a timely and effective QEF election or mark-to-market election (as defined below), the following consequences will generally apply to the U.S. Holder under Section 1291 of the Code.

- “Excess distributions” received by such a U.S. Holder (i.e., the portion of any distributions received by the U.S. Holder in a taxable year in excess of 125% of the average annual distributions received by such U.S. Holder in the three preceding taxable years, or, if shorter, such U.S. Holder’s holding period for such stock) and gain on a disposition or deemed disposition by the U.S. Holder of PFIC stock would be taxable and allocated ratably to all days in the U.S. Holder’s holding period. The portion of such excess distribution or gain that is allocated to the current taxable year (or, potentially, certain prior taxable years) would be treated as ordinary income in the current taxable year. Any portion allocated to a prior taxable year (and not treated as ordinary income in the current taxable year) would be taxable at the highest marginal rates applicable to ordinary income for the “prior-year PFIC period”, i.e., days in the U.S. Holder’s prior taxable years during which the non-U.S. corporation was a PFIC, and would be subject to an interest charge levied as an additional tax.

- Any preferential rate for which such gain or excess distribution might otherwise qualify (e.g., under the rules applicable to long-term capital gains or qualified dividend income) would not be available.

Numerous additional rules may also apply, including extremely broad rules applicable to indirect dispositions and indirect excess distributions.

The determination of whether any non-U.S. corporation is a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, including uncertainty as to whether the exception for income derived in the active conduct of a banking, financing or similar business under Section 954(h) of the Code is available for purposes of the PFIC rules. Quarterhill has not made a determination as to its status as a PFIC under Section 1297 of the Code for the current or any past taxable years. The discussion set forth above summarizing the material U.S. federal income tax consequences of the sale of Shares by U.S. Holders pursuant to the Offer assumes that Quarterhill is not treated as a PFIC.

Quarterhill is a non-U.S. corporation, and U.S. Holders should consider whether the income from Quarterhill's activities is considered to be "passive". Whether such income is considered to be "passive" may depend in part on the ability of a non-U.S. corporation to meet certain requirements under the PFIC rules, the analysis of which Quarterhill has not performed. In addition, PFIC classification is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. Thus, there can be no assurance that Quarterhill is not a PFIC for the current taxable year and has not been for any past taxable years.

U.S. Holders of stock of a PFIC are subject to a special, generally adverse tax regime (different in significant respects from that described above under "Tax Consequences of Offer—Distribution vs. Sale Treatment"). Although a non-U.S. corporation's status as a PFIC or non-PFIC is generally determined on a year-by-year basis, a non-U.S. corporation that is not a PFIC in a given taxable year under the rules of Section 1297 of the Code described above generally will be treated as a PFIC with respect to a U.S. Holder if (i) such non-U.S. corporation was a PFIC in any prior taxable year, (ii) such U.S. Holder's holding period for its shares includes any portion of such prior taxable year and (iii) such U.S. Holder has not made a timely and effective QEF election or mark-to-market election. This rule is referred to herein as the "once a PFIC, always a PFIC" rule.

A U.S. Holder may be able to mitigate the generally unfavorable U.S. federal income tax rules that apply to the ownership and disposition of stock in a PFIC (including those potentially arising from the Offer) by making a timely and effective mark-to-market election under Section 1296 of the Code (a "**mark-to-market election**") or by making a timely and effective election under Section 1295 of the Code to treat such non-U.S. corporation as a qualified electing fund (a "**QEF election**"), if such elections are available to the U.S. Holder in its particular circumstances.

A description of these elections (and other elections that may potentially be made by a U.S. Holder) is beyond the scope of this discussion, which solely describes the default rules under Section 1291 of the Code. The PFIC rules, including the rules governing any elections that may potentially be made by a U.S. Holder, are extremely complex. U.S. Holders are urged to consult their own tax advisors regarding the potential PFIC status of Quarterhill and how the PFIC rules (including elections that may be available thereunder) would affect the U.S. federal income tax consequences of their tender of Shares pursuant to the Offer.

Receipt of Foreign Currency

The tax basis of any Canadian dollars received by a U.S. Holder pursuant to the Offer generally will equal the U.S. dollar value of such Canadian dollars at the applicable spot exchange rate on the date received. Upon a subsequent exchange of Canadian dollars for U.S. dollars, another currency or property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the U.S. Holder's tax basis in such Canadian dollars and the value of the U.S. dollars, other currency or property received. Such gain or loss will be U.S. source ordinary gain or loss. U.S. Holders are urged to consult their own tax advisors regarding how to account for payment made in a foreign currency with respect to the Shares tendered pursuant to the Offer and the foreign currency received as payment for Shares tendered pursuant to the Offer.

Proceeds from a U.S. Holder's sale of Shares pursuant to the Offer may be subject to information reporting to the IRS unless the U.S. Holder is an exempt recipient (such as a corporation). Such payments may also be subject to U.S. federal backup withholding at a specified rate, currently 24%, if the recipient of such payments fails to supply a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise fails to establish an exemption from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

17. LEGAL MATTERS AND REGULATORY APPROVALS

Quarterhill is not aware of any license or regulatory permit that is material to Quarterhill's business that might be adversely affected by Quarterhill's acquisition of Shares pursuant to the Offer or, except as noted below, of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition or ownership of Shares by Quarterhill pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be required, Quarterhill currently contemplates that such approval will be sought or other action will be taken. Quarterhill cannot predict whether it may determine that it must delay the acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to Quarterhill's business.

Quarterhill's obligations pursuant to the Offer to accept for payment and pay for the Shares are subject to the satisfaction of certain conditions described under the following headings in the Offer to Purchase: "Conditions of the Offer"; "Extension and Variation of the Offer"; and "Taking Up and Payment for Deposited Shares".

18. SOURCE OF FUNDS

Quarterhill will fund any purchaser of Shares pursuant to the Offer from available cash on hand.

19. DEALER MANAGER

CIBC World Markets Inc. has been retained by Quarterhill to act as dealer manager in connection with the Offer. Quarterhill has a revolving credit facility (the "**Credit Facility**") through the Canadian Imperial Bank of Commerce, an affiliate of CIBC World Markets Inc., under which Credit Facility, there were no borrowings outstanding as of June 1, 2020.

20. DEPOSITARY

Quarterhill has retained Computershare Trust Company of Canada to act as a depositary for, among other things, (i) the receipt of certificates representing Shares and related Letters of Transmittal tendered under the Offer, (ii) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth under "Offer to Purchase - Procedures for Tendering Shares", (iii) the receipt from Quarterhill of cash to be paid in consideration of the Shares acquired by Quarterhill under the Offer, as agent for the tendering Shareholders, and (iv) the transmittal of such cash to the tendering Shareholders, as agent for the tendering Shareholders, including the conversions of such cash from Canadian dollars to U.S. dollars for tendering Shareholders who elect to receive payment of the Purchase Price for their Shares in U.S. dollars. The Depositary may contact Shareholders by mail, telephone or email and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners. The Depositary is not an affiliate of Quarterhill and the Depositary acts as Quarterhill's transfer agent and registrar.

21. FEES AND EXPENSES

CIBC World Markets Inc. has been retained by Quarterhill to serve as its dealer manager and financial advisor in connection with the Offer. CIBC World Markets Inc. will receive a fee from Quarterhill for its services. CIBC World Markets Inc. has not been requested to provide and has not provided the Board or Quarterhill with a liquidity opinion in connection with the Offer. Quarterhill has agreed to indemnify the Dealer Manager against certain liabilities arising out of its engagement in connection with the Offer, and has agreed to pay the aforementioned fee and reasonable out of pocket expenses of the Dealer Manager (including the reasonable expenses and fees, taxes and disbursements of experts retained by the Dealer Manager). The fees and expenses of the Dealer Manager are partially contingent upon the outcome of the Offer and the Dealer Manager will be paid a minimum fee upon the public announcement of Quarterhill's intention to proceed with the Offer. The Dealer Manager does not have a material financial interest in the completion of the Offer. In addition, an affiliate of CIBC World Markets Inc. is a lender to Quarterhill under the existing Credit Facility. CIBC World Markets Inc. acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of Quarterhill, including the Shares, or any of its associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, CIBC World Markets Inc. conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to Quarterhill. Accordingly, CIBC World Markets Inc. is not independent of Quarterhill in connection with the Offer for purposes of MI 61-101.

Certain officers and employees of Quarterhill may render services in connection with the Offer but will not receive any additional compensation for such services.

The Depositary will receive reasonable and customary compensation for its services, including in its capacity as foreign exchange service provider, and will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial and territorial securities laws.

Quarterhill is expected to incur expenses of approximately \$575,000 in connection with the Offer, which includes filing fees, Dealer Manager fees, legal, translation, accounting, depositary, printing and mailing fees.

Brokers, dealers, commercial banks, trust companies and other nominees will, upon request, be reimbursed by Quarterhill for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

22. STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides security holders of Quarterhill with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

APPROVAL AND CERTIFICATE OF QUARTERHILL INC.

Dated: June 1, 2020

The Board of Directors of Quarterhill Inc. has approved the contents of the Offer to Purchase and the accompanying Issuer Bid Circular dated June 1, 2020 and the sending, communication or delivery thereof to the holders of its Common Shares. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(Signed) "Paul Hill"
President & Chief Executive Officer

(Signed) "David Cortens"
Interim Chief Financial Officer

On behalf of the Board of Directors

(Signed) "Richard J. Shorkey"
Director

(Signed) "John Gillberry"
Chairperson & Director

CONSENT OF NORTON ROSE FULBRIGHT CANADA LLP

TO: The Board of Directors of Quarterhill Inc.

We consent to the inclusion of our name and reference to our opinion in the section titled “Income Tax Consequences” in the Circular dated June 1, 2020.

June 1, 2020

(signed) Norton Rose Fulbright Canada LLP

The Letter of Transmittal, certificate(s) for Shares and any other required documents must be sent or delivered by each tendering Shareholder or the tendering Shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses specified below.

Offices of the Depositary, Computershare Trust Company of Canada

By Mail:

P.O Box 7021
31 Adelaide Street East
Toronto, Ontario M5C 3HC
Canada
Attention: Corporate Actions

By Hand, Registered Mail or Courier:

100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Canada
Attention: Corporate Actions

Toll Free (North America): 1-800-564-6253
Overseas: 1-514-982-7555

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Any questions or requests for assistance may be directed to the Depositary at the addresses and telephone number specified above. Shareholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer. Additional copies of the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depositary. Manually executed photocopies of the Letter of Transmittal will be accepted.

The Dealer Manager for the Offer is:

CIBC WORLD MARKETS INC.

161 Bay Street
Brookfield Place, 6th Floor
Toronto, Ontario M5J 2S8

Telephone: 1-866-744-2030