# Quarterhill Acquires VDS GmbH

- *VDS is a German-based provider of speed radar, adding new monitoring and enforcement capabilities to International Road Dynamics ("IRD")*
- *VDS to be integrated into IRD's wholly owned subsidiary, Sensor Line GmbH*
- *Acquisition price of approximately $2.8 million*

TORONTO, April 28, 2021 /CNW/ - Quarterhill Inc. ("Quarterhill") (TSX: QTRH) (OTCQX: QTRHF), announces that it has completed the acquisition of all the issued and outstanding shares of VDS Verkehrstechnik GmbH ("VDS"), a German-based Intelligent Transportation Systems ("ITS") provider of high precision traffic monitoring devices, for cash consideration of approximately $2.8 million. All dollar amounts are in Canadian dollars unless otherwise stated.

Based in Löbau, Germany, VDS develops, manufactures and sells fixed and mobile traffic monitoring devices that record driver speed and red-light infractions. VDS's devices are currently the only radar-based products certified under new regulations in Germany that enable direct enforcement of traffic violations. VDS has one manufacturing facility and two service centers in Germany and will be integrated into Sensor Line GmbH, which was acquired by Quarterhill in January 2021 and is one of VDS's largest suppliers of sensors. Sensor Line and VDS will continue to build on their 20-year partnership and undertake joint technology development.

"This acquisition further increases the number of well-engineered products to our suite of solutions and global sales channels," said Rish Malhotra, CEO of IRD. "VDS's technology expands our enforcement capabilities with the ability to generate speeding and red-light violations. These products are highly sought-after as governments at all levels seek to enhance transportation safety and identify new revenue opportunities. VDS also broadens our customer base to some of the largest cities and municipalities in Germany and their team will also support IRD's projects in the region."

"The acquisition of VDS fits with our strategy to support the growth of IRD and to expand our ITS business," said Paul Hill, CEO of Quarterhill. "Our existing ITS platform provides for seamless integration and improves the potential for business synergies. We were introduced to VDS through Sensor Line, and this demonstrates how our presence in the ITS industry can lead to unique opportunities for acquisitions. We are pleased to have already completed two deals in 2021 and look forward to more M&A activity during the remainder of the year."

Post synergies, VDS is expected to generate approximately $5.0 million in revenue and $600,000 in Adjusted EBITDA on an annual basis. For more information on VDS, please visit: https://www.vds-verkehrstechnik.de/en

### About Quarterhill

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

### Forward-looking Information

This news release contains forward-looking statements regarding IRD, Quarterhill and their businesses. Forward-looking statements are based on estimates and assumptions made by IRD and/or Quarterhill in light of their experience and perception of historical trends, current conditions, expected future developments and the expected effects of new business strategies, as well as other factors that IRD and/or Quarterhill believe are appropriate in the circumstances. The forward-looking events and circumstances discussed herein may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting IRD and/or Quarterhill, including: potential risks and uncertainties relating to the ultimate geographic spread of the novel coronavirus ("COVID-19"); the severity of the disease; the duration of the COVID-19 outbreak; actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact; the potential negative impacts of COVID-19 on the global economy and financial markets and any resulting impact on IRD and/or Quarterhill and/or their businesses. Other factors include, without limitation, the risks described in Quarterhill's March 11, 2021 annual information form for the year ended December 31, 2020 (the "AIF"). Copies of the AIF may be obtained at www.sedar.com. IRD and Quarterhill recommend that readers review and consider all of these risk factors and notes that readers should not place undue reliance on any of IRD's forward-looking statements. IRD has no intention, and undertakes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

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

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