

# Quarterhill Completes Acquisition of ETC

- *Transforms Quarterhill into a key player in the ITS industry*
- *Establishes platform for organic and acquisitive growth in tolling*

TORONTO, Sept. 1, 2021 /CNW/ - Quarterhill Inc. ("Quarterhill") (TSX: QTRH) (OTCQX: QTRHF), announces that it has closed the previously announced acquisition (the "Acquisition") of 100% of the outstanding equity of Richardson, Texas-based Electronic Transaction Consultants, LLC ("ETC"), an Intelligent Transportation Systems ("ITS") company focused on tolling and mobility systems. Following completion of the Acquisition, Quarterhill now has a leadership position in the U.S. tolling market where ETC serves some of the largest transportation authorities, including those in Texas, California and Illinois.

On a post-synergy basis, within the next 12-18 months, Quarterhill estimates that ETC will generate annualized revenue between \$95.0 to \$120.0 million and Adjusted EBITDA between \$12.5 to \$15.0 million. The \$150.0 million purchase price for the Acquisition will be satisfied through \$75.0 million of cash-on-hand and \$75.0 million in syndicated debt. All amounts are in Canadian dollars unless otherwise stated.

"This transformational acquisition establishes Quarterhill as a leader in ITS, delivers scale in the tolling market, an area where we see strong growth trends, and significantly diversifies our future financial results," said Paul Hill, Quarterhill's CEO. "The transaction is also a significant commitment to our M&A strategy in ITS. So far in 2021 we have completed three acquisitions at an aggregate value of almost \$160.0 million, demonstrating great progress on our five-year \$400 million M&A capital deployment target."

"ETC's tolling business is complementary to IRD's enforcement business and we see significant potential for revenue synergies between the two companies with product and geographic expansion being two areas where they will be able to support one another. ETC also gives us a platform in tolling from which its experienced leadership team will pursue both organic and acquisitive growth opportunities. Governments are increasingly seeking new revenue sources to pay for badly needed infrastructure projects, and we believe our ITS business is well positioned to capitalize on these industry trends."

## **Financing the Transaction**

\$75.0 million of the Acquisition price will be funded by Quarterhill's cash-on-hand and \$75.0 million by newly established syndicated debt facilities. The debt facilities will include a \$63.0 million term debt facility and a \$19.0 million revolving credit facility. To pay for the Acquisition, the term debt facility will be drawn in full and \$12.0 million will be drawn on the revolving credit facility. Debt financing for the transaction is being provided by a syndicate of banks, which is led by HSBC Bank Canada.

## **About Electronic Transaction Consultants, LLC**

ETC is a leading U.S. intelligent transportation systems provider, developing and delivering best in class solutions for tolling, congestion management, urban mobility, and multimodal transportation needs. ETC's passionate and innovative team has been driving the future of mobility since 1999, with a number of industry firsts, including all electronic tolling (AET), dynamic pricing, agency interoperability, hosted mobility solutions and machine learning.

For over two decades, ETC has delivered sophisticated solutions to many of the U.S.'s largest toll authorities, including state-wide programs, county networks and tolling-specific authorities. ETC's solutions process over two billion transactions annually totaling over \$3 billion in revenues for our customers, incorporating the latest in evergreen open-source and SaaS technologies and Big Data architecture through our innovative riteSuite™ products.

## **About Quarterhill Inc.**

Quarterhill is a growth-oriented company in the Intelligent Transportation System (ITS) industry as well as, through its Wi-LAN Inc. subsidiary, a leader in Intellectual Property licensing. Our goal is to execute an investment strategy that capitalizes on attractive growth opportunities within ITS - and its adjacent markets - to become a global leader in that industry. Quarterhill is listed on the TSX under the symbol QTRH and on the OTCQX Best Market under the symbol QTRHF. For more information: [www.quarterhill.com](http://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](http://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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