

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company

Quarterhill Inc. (the “Company”)
30 Duke Street West, Suite 604
Kitchener, ON N2H 3W5 Canada

Item 2 – Date of Material Change

October 8, 2020

Item 3 – News Release

The Company disseminated a news release by Canada News Wire on October 8, 2020, a copy of which is attached at **Exhibit “A”** to this Material Change Report (the “**Press Release**”).

Item 4 – Summary of Material Change

The Company announced select preliminary consolidated financial results for the third quarter of its 2020 financial year, with 2020 Q3 consolidated revenues expected to be between CDN\$80 to CDN\$87 million and, subject to the discussion of “Non-IFRS Disclosure” provided in the Press Release, 2020 Q3 consolidated “Adjusted EBITDA” (as that term is defined in the Press Release) expected to be between CDN\$32 to \$36 million.

Item 5 – Full Description of Material Change

On October 8, 2020, the Company announced select preliminary consolidated financial results for the third quarter of its 2020 financial year being the three-month period ended September 30, 2020. In particular, the Company announced that its consolidated revenue for 2020 Q3 was expected to be in the range of CDN\$80 to CDN\$87 million and, subject to the discussion of “Non-IFRS Disclosure” provided in the Press Release, its consolidated “Adjusted EBITDA” (as that term is defined in the Press Release) for 2020 Q3 was expected to be in the range of CDN\$32 to CDN\$36 million. The Company also announced that it would release its 2020 Q3 financial results on Thursday, November 5, 2020 and would host a conference call to discuss its results at 10 a.m. Eastern time that morning.

Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102

N/A

Item 7 – Omitted Information

N/A

Item 8 – Executive Officer

Prashant R. Watchmaker, Senior Vice-President & General Counsel
(613) 688-4331

Item 9 – Date of Report

October 8, 2020

EXHIBIT "A"

Quarterhill Announces Preliminary Q3 2020 Consolidated Financial Results

- Q3 2020 Consolidated Revenue expected to be in the range of \$80 to \$87 Million
- Q3 2020 Consolidated Adjusted EBITDA expected to be in the range of \$32 to \$36 Million
- Complete consolidated financial results for the three- and nine-month periods ended September 30, 2020 to be released pre-market on November 5, 2020

Kitchener, Canada – October 8, 2020 – Quarterhill Inc. (“Quarterhill” or the “Company”) (TSX: QTRH) (OTCQX: QTRHF), today announces an update on select preliminary consolidated financial results for the three-month period ended September 30, 2020 (“Q3 2020”). All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

Driven by strong results from Wi-LAN Inc. (“WiLAN”), the Company's patent licensing subsidiary, as well as from International Road Dynamics Inc. (“IRD”), its subsidiary in the Intelligent Transportation Systems (“ITS”) industry, Quarterhill's consolidated revenue for Q3 2020 is expected to be in the range of \$80 to \$87 million and consolidated Adjusted EBITDA is expected to be in the range of \$32 to \$36 million.

“We are pleased to have both portfolio companies making a significant contribution to an exceptional quarter for the business,” said Paul Hill, President and CEO of Quarterhill. “Consistent with its track record, we again see the favourable and sizable impact that WiLAN can have on our overall revenue and cash flow. These periodic cash flow contributions are a valuable component in supporting our broader M&A strategy within the ITS industry and to support growth initiatives at WiLAN itself.”

Quarterhill will release its Q3 2020 financial results on Thursday, November 5, 2020. The Company will host a conference call to discuss its results at 10:00 a.m. EDT that morning. Details on how to access the conference call will be provided approximately two weeks in advance of the event.

About Quarterhill

Quarterhill is a growth-oriented company in the Intellectual Property and Intelligent Transportation System (ITS) industries. Our goal is to pursue an investment strategy that capitalizes on attractive market trends in both ITS and its adjacent markets. 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

Non-IFRS Disclosure

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 before: (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.

Forward-looking Information

This news release contains forward-looking statements regarding Quarterhill and its business. Forward-looking statements are based on estimates and assumptions made by Quarterhill in light of its experience and its perception of historical trends, current conditions, expected future developments and the expected effects of new business strategies, as well as other factors that Quarterhill believes are appropriate in the circumstances. The forward-looking events and circumstances discussed herein may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Quarterhill, including: potential risks and uncertainties relating to the ultimate geographic spread of the novel coronavirus ("COVID-19"); the severity of the disease; the duration of the COVID-19 outbreak; actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact; the potential negative impacts of COVID-19 on the global economy and financial markets and any resulting impact on Quarterhill and/or its business. Other factors include, without limitation, the risks described in Quarterhill's February 27, 2020 annual information form for the year ended December 31, 2019 (the "AIF"). Copies of the AIF may be obtained at www.sedar.com. Quarterhill recommends that readers review and consider all of these risk factors and notes that readers should not place undue reliance on any of Quarterhill's forward-looking statements. Quarterhill has no intention, and undertakes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For media and investor inquiries, please contact:

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