

QUARTERHILL INC.  
AUDIT COMMITTEE CHARTER

1. Policy Statement

- (a) Quarterhill Inc. ("**Quarterhill**") has established and maintains an Audit Committee (the "**Committee**") to assist Quarterhill's directors (individually, each, a "**Director**" and collectively the "**Board**") in carrying out the Board's oversight responsibility for accounting, internal controls, financial reporting, audits of financial statements and enterprise risk management processes of Quarterhill and its subsidiaries.
- (b) The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including appropriate administrative support. Without limiting the generality of the foregoing, Quarterhill shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Quarterhill (the "**Auditors**"); (b) compensation to any advisers employed by the Committee under Section 4(c)(iii) below; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- (c) If determined appropriate by the Committee, and with the Board's prior approval, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or other experts, with the cost borne by Quarterhill.
- (d) The Committee shall have unrestricted access to the Auditors, is authorized to seek any information that it requires from any employee and shall direct employees to co-operate with requests made by the Committee.

2. Composition of Committee

- (a) The Committee shall consist of a minimum of three Directors (the "**Members**") appointed by the Board. The Members shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the Member's earlier death, resignation, disqualification or removal. A Member shall cease to be a Member upon ceasing to be a member of the Board. The Board may remove any Member from the Committee at any time with or without cause. If a vacancy on the Committee exists, the remaining Members shall exercise all of the Committee's powers so long as a quorum exists. The Board shall appoint one Member to be the chairperson of the Committee (the "**Chair**"). Subject to the foregoing, the Board shall determine the Chair's term of office.
- (b) All of the Members shall be Directors who are "independent" within the meaning of National Instrument 52-110 – *Audit Committees*.
- (c) All Members must be "financially literate" as such term is used in National Instrument 52-110 – *Audit Committees*.

### 3. Meetings of the Committee

- (a) The Committee will convene a minimum of 4 times each year at such times and places as may be determined by the Chair, and whenever a meeting is requested by the Board, a Member, the Auditors or Quarterhill's senior management. Scheduled meetings of the Committee will correspond with the review of the quarterly and year-end financial statements, management discussion and analysis, and related press releases. The presence in person, virtually, or by telephone of a majority of the Committee's members shall constitute quorum for any meeting of the Committee.
- (b) The provisions of Quarterhill's applicable By-Laws will govern the calling of and procedures for any meeting of the Committee.
- (c) In the absence of the Chair, the Members may choose one of the Members present to be chair of the meeting. In addition, the Members may choose one of the persons present to be the secretary of the meeting.
- (d) Each Director who is not a Member may attend any meetings of the Committee as an observer.
- (e) The Committee may invite the Auditors to be present at any meeting of the Committee and to comment on any financial statements or on any of the financial aspects of Quarterhill.
- (f) The Committee shall meet with the Auditors separately from individuals other than the Committee and may meet separately with management of Quarterhill.
- (g) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting. The Chair shall make the minutes of the meetings of the Committee available to all members of the Board and the Auditors.
- (h) The Committee shall report its decisions, deliberations, the results of its activities and any reviews undertaken, and make recommendations to the Board as considered appropriate or necessary, promptly after each Committee meeting. In addition, the Committee shall report to the Board on the following matters set out in this Charter, and such additional matters it deems appropriate: (i) the Auditors' independence; (ii) the Auditors' performance and the Committee's recommendation regarding appointment of the Auditor; (iii) the adequacy of the internal controls; (iv) the Committee's review of Quarterhill's annual and interim financial statements, and any generally accepted accounting principles reconciliation, including any issues respecting the quality and integrity of financial statements, along with the management discussion and analysis; (v) Quarterhill's compliance with legal and regulatory matters and any related affect the financial statements; (vi) Quarterhill's risk management protocols and any material risks identified, and (vii) the discharge of the Committee's duties under this Charter.

### 4. Duties and Responsibilities of the Committee

- (a) The Committee, in its capacity as a committee of the Board, is directly responsible for the appointment (through nomination by the shareholders), compensation, retention

and oversight of the work of the Auditors, and the Auditors must report directly to the Committee. Specifically, the Committee will select, evaluate and recommend to the Board for nomination the external auditors to be proposed for appointment or reappointment, as the case may be, by the shareholders, and will have responsibility for determining at any time whether the Board should recommend to Quarterhill's shareholders whether the incumbent Auditors should be removed from office.

- (b) The other primary duties and responsibilities of the Committee are to:
  - (i) identify and monitor the management of the principal risks that could impact the financial reporting of Quarterhill;
  - (ii) monitor the integrity of Quarterhill's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
  - (iii) monitor the independence, objectivity and performance of the Auditors, including, without limitation: (1) ensuring the Committee's receipt from the Auditors at least annually of a formal written statement delineating all relationships between the Auditors and Quarterhill; (2) actively engaging in dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors; and (3) taking, or recommending that the Board take, appropriate action to oversee the independence of the Auditors;
  - (iv) deal directly with the Auditors to approve external audit plans, other services (if any) and fees;
  - (v) directly oversee the external audit process and results (in addition to items described in Section 4(d) below);
  - (vi) provide an avenue of communication between the Auditors, management and the Board; and
  - (vii) establish procedures for (1) the receipt, retention and treatment of complaints received by Quarterhill regarding accounting, internal accounting controls, or auditing matters, (2) the confidential, anonymous submission by employees of Quarterhill and its subsidiaries regarding questionable accounting or auditing matters, and (3) reviewing arrangements by which Quarterhill employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for proportionate and independent investigation and follow-up action.
- (c) The Committee shall have the authority to:
  - (i) inspect any and all of Quarterhill's and its subsidiaries' books and records;
  - (ii) discuss with the management of Quarterhill and its subsidiaries, any affected party and the Auditors, such accounts, records and other matters as any Member considers appropriate;

- (iii) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
  - (iv) set and pay, with any such costs borne by Quarterhill, the compensation for any advisors engaged by the Committee.
- (d) The Committee shall:
- (i) review the annual audit plan with the Auditors and with management;
  - (ii) review with the Auditors the critical accounting policies and practices used by Quarterhill, all alternative treatments of financial information within generally accepted accounting principles that the Auditors have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Auditors;
  - (iii) discuss with management and the Auditors any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
  - (iv) review with management and the Auditors material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;
  - (v) review any problems experienced or concerns expressed by the Auditors in performing any audit, including any restrictions imposed by management or any material accounting issues on which there was a disagreement with management;
  - (vi) review with the Auditors any accounting adjustments that were noted or proposed by the Auditors but that were "passed" (as immaterial or otherwise), any communications between the audit team and the Auditors' national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the Auditors to Quarterhill, or any other material written communication provided by the Auditors to Quarterhill's management;
  - (vii) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
  - (viii) review and discuss with management and the Auditors any off-balance sheet transactions or structures and their effect on Quarterhill's financial results and operations, as well as the disclosure regarding such transactions and structures in Quarterhill's public filings;
  - (ix) review the audited annual financial statements (including management discussion and analysis) and related documents in conjunction with the report of the Auditors and obtain an explanation from management of all material

variances between comparative reporting periods, and, upon satisfactory completion of its review, recommend the audited annual financial statements (including the management discussion and analysis) and report of the Auditors for Board approval. The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on (1) significant accounting policies, including any changes made to them and the effect this may have on Quarterhill, (2) significant estimates and assumptions, (3) significant adjustments resulting from the audit, (4) any going concern assumptions, (5) compliance with accounting standards, (6) investigations and litigation undertaken by regulatory authorities, and (7) the impact of unusual transactions;

- (x) consider and review with management, the internal control memorandum, if any, or management letter containing the recommendations of the Auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls and procedures for financial reporting of Quarterhill and subsequent follow-up to any identified weaknesses;
- (xi) to the extent that it deems appropriate, review with management its evaluation of Quarterhill's procedures and controls designed to assure that information required to be disclosed in Quarterhill's periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by the appropriate regulatory authority for the filing of such reports ("**Disclosure Controls**"), and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such Disclosure Controls;
- (xii) review with management and the Auditors the quarterly unaudited financial statements (including management discussion and analysis) and, upon satisfactory completion of its review, recommend to the Board that it approve the quarterly unaudited financial statements (and accompanying management discussion and analysis);
- (xiii) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including without limitation any prospectuses, annual reports, annual information forms, management discussion and analysis, earnings press releases and any other related press releases required by applicable securities commissions or stock exchange;
- (xiv) review with management on a periodic basis the procedures surrounding the disclosure of financial information extracted or derived from Quarterhill's financial statements and assess the adequacy of these procedures;
- (xv) discuss with management and the Auditors any correspondence with regulatory or governmental agencies that raise material issues regarding Quarterhill's financial statements or accounting policies;

- (xvi) pre-approve all audit and non-audit services to be provided to Quarterhill or its subsidiaries by the Auditors; provided that, notwithstanding the foregoing provisions of this Section 4(e)(xvii), such pre-approval of non-audit services may be delegated to any Member, with any decisions of such Member to be reported to the Committee at its next scheduled meeting;
  - (xvii) approve the engagement letter for non-audit services to be provided by the Auditors or affiliates thereof together with estimated fees and consider the potential impact of such services on the independence of the Auditors;
  - (xviii) when there is to be a change of Auditors, review all issues and, if necessary, provide documentation related to the change, including the information to be included in the notice of change of auditors and documentation required pursuant to the then current legislation, rules, policies and instruments of applicable regulatory authorities and the planned steps for an orderly transition period; and
  - (xix) review, discuss with senior management, assess and make recommendations to the Board regarding Quarterhill's privacy and information/cybersecurity risk exposures including, without limitation, the following: (1) the potential impact of those exposures on Quarterhill's and its subsidiaries' respective businesses, operations and reputations; (2) the steps senior management has taken to monitor and mitigate such exposures and any insurance coverage relating to such exposures; (3) material security breach incidence reports and incident response protocols, including crisis management and disaster recovery plans; (4) Quarterhill disclosures relating to information/cybersecurity risks; (5) Quarterhill's information/cybersecurity strategy, including the allocation of resources to the management of information/cybersecurity risks; and (6) major legislative and regulatory developments affecting Quarterhill and/or its subsidiaries that could materially impact Quarterhill's or such subsidiaries' respective privacy and information/cybersecurity risk exposure, if any.
- (e) The Committee shall enquire into and recommend to the Board the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of Quarterhill, the Auditors or senior management.
- (f) Review with the CEO and the CFO any report on significant deficiencies in the design or operation of the internal controls that could adversely affect Quarterhill's ability to record, process, summarize or report financial data, any material weaknesses in internal controls identified to the Auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in Quarterhill's internal controls.
- (g) The Committee shall discuss with management Quarterhill's process for performing its quarterly certifications pursuant to National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*.
- (h) The Committee shall review and approve Quarterhill's hiring policies regarding partners, employees and former partners and employees of the present and former

Auditors.

- (i) The Committee shall review with Quarterhill's legal counsel, on no less than an annual basis, any legal matter that could have a material impact on Quarterhill's financial statements and any enquiries received from regulators or government agencies.
- (j) The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee, and recommend any proposed changes to the Board for approval.
- (k) The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

#### 5. Chairperson

The Chair's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and is working effectively. Specifically, the Chair will:

- (a) chair meetings of the Committee;
- (b) in consultation with the Board, the Auditors (if necessary), Quarterhill's Chief Executive Officer and such other Quarterhill executives as deemed necessary, set the agenda for the meetings of the Committee and ensure that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;
- (c) assign work to Members;
- (d) act as liaison and maintain communication with the Board and its Chairperson to optimize and co-ordinate input from Directors and to optimize the effectiveness of the Committee; and
- (e) provide leadership to the Committee with respect to its functions as described in the Committee's Charter and as otherwise may be appropriate.