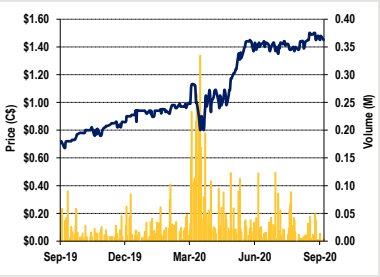

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C$)	$2.00	$2.00
Revenue F2020E (M)	$10.0	$11.3
Adj. EBITDA F2020E (M)	-$0.9	-$0.3
Adj. EPS F2020 (M)	-$0.05	-$0.02

MARKET DATA

Date:	Sep 8, 2020
Current Price (C$):	$1.48
Target Price (C$):	$2.00
52-Week Range:	$0.67 / $1.50
Shares O/S (M):	58.9
Mkt Cap (C$M);	$87.2
EV (C$M):	$84.2
Avg. Weekly Vol. (M):	0.00

Website: www.eqworks.com

FINANCIALS

	F2019A	F2020E	F2021E
Revenue ($M)	$9.0	$10.0	$17.8
EBITDA ($M)	-$0.6	-$1.1	$3.0
EPS (S)	-$0.04	-$0.04	$0.02
Cash ($M)	$3.7	$1.6	$1.9
Current Assets ($M)	$5.9	$5.8	$7.9
Net Cash ($M)	$2.1	-$0.2	$0.2
Total Assets ($M)	$7.3	$8.4	$10.4
Debt ($M)	$1.6	$1.8	$1.7
Total Liabilities ($M)	$0.0	$0.0	$0.0
Fiscal Year End:	31-Dec		

Source: Company Reports, S&P Capital IQ, eResearch Corp.

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

EQ Inc. (TSXV:EQ)

Data Revenue Continues to Grow Despite Slower COVID-19 Quarter

COMPANY DESCRIPTION:

EQ Inc. ("EQ" or "the Company") enables businesses to understand, predict, and influence customer behaviour. Using unique & third-party data sets, advanced analytics, artificial intelligence and machine learning, EQ creates actionable intelligence for businesses to attract, retain, and grow customers. The Company's proprietary SaaS platform mines insights from location and geospatial data, enabling businesses to close the loop between digital and real-world consumer actions. EQ is one of the largest providers of location-based data in Canada with over 1 petabyte of data and growing at 7 terabytes daily.

QUARTERLY HIGHLIGHTS:

- **Q2/20 Revenue Impacted by COVID-19 but Recovery Underway**
  - Advertising revenue in the quarter was negatively impacted by the outbreak of COVID-19 as some customers suspended or postpone work.
  - Q2/20 Revenue was $1.73M, a decrease of 22%, compared to $2.21M in Q2/19, but in-line with our estimate of $1.77M.
  - EQ reported that the revenue was at its lowest point in April and has increased steadily through to June.
  - **EQ expects revenue in Q3/2020 to be at least 50% higher than the second quarter revenue of $1.73M.** We estimate revenue in Q3/2020 of $2.6M.
- **Location-Based Data is a Large and Growing Market**
  - Data solutions revenue increased 38% Y/Y to $0.4M in Q2/2020 and now accounts for 25% of the overall quarterly revenue and expected to reach 50% of overall revenue by 2022.
- **Room to Grow in the United States**
  - In Q2/20, the U.S. accounted for only 7% of revenue but is the largest ad market in the world (Canada is #10).
- **Strong Balance Sheet**
  - In May, EQ accelerated the expiry date of 3.3M warrants, raising $3.3M.
  - At the end of June 2020, EQ had a cash balance of $5.0M.

FINANCIAL ANALYSIS & VALUATION:

- **We reduced our 2020 Revenue estimate to $10.0M from $11.3M & EBITDA estimate to -$0.9M from -$0.3M but maintained estimates for 2021 and 2022.**
  - **2020E: Revenue $10.0 million; EBITDA -$0.9 million;**
  - **2021E: Revenue $17.8 million; EBITDA $3.0 million;**
  - **2022E: Revenue $23.1 million; EBITDA $5.6 million.**
- **We estimate an equal-weighted price target of $2.00, based on a DCF valuation ($2.15/share) and a Revenue Multiple valuation ($1.72/share).**
- **We are maintaining a Buy rating with a (blended) one-year price target of $2.00.**

All figures in CAD unless otherwise stated.

COMPANY SUMMARY

EQ Inc. provides location behaviour data and intelligence solutions focusing on the online advertising industry but with applications in other industries including banking, insurance and retail.

Over the past seven years, EQ's business growth centred on its SaaS online advertising platform. EQ's primary products are advertising solutions utilizing technologies, data analytics, and programmatic media buying capabilities within a proprietary Programmatic Marketing Platform (PMP).

Recently, EQ has leveraged its experience in location-based technologies to venture beyond advertising. EQ's solutions enable businesses to understand, predict, and influence customer behaviour. Using unique & third-party data sets, advanced analytics, artificial intelligence and machine learning, EQ creates actionable intelligence for businesses to attract, retain, and grow customers.

The Company's proprietary SaaS platform mines insights from location and geospatial data, enabling businesses to close the loop between digital and real-world consumer actions. EQ is one of the largest providers of location-based data in Canada with over 1 petabyte, growing at 7 terabytes daily, and augments its data with licencing agreements with 3rd party data providers, including Opta, Mastercard, Stats Canada, and TMG Analytics.

REVIEW OF Q2/2020 FINANCIALS

Revenue

According to EQ, its advertising revenue was negatively impacted by the outbreak of COVID-19 as certain customers suspended or postponed advertising during the quarter. Even with the current transition to data services, advertising services currently comprises 75% of revenue.

Revenue for the three months ended June 30, 2020, was $1.73 million, a decrease of 22%, compared to $2.21 million in the same quarter a year ago and in-line with our estimate of $1.77 million (Figure 1). The Company's data solutions revenue increased to $0.4 million in Q2/2020, up 38% compared to the same period in 2019 and accounted for 25% of the overall quarterly revenue.

In addition, quarterly revenue was positively impacted from the acquisition of Juice Mobile that closed in March 2020 and contributed $0.5 million in revenue for the first half of 2020.

Figure 1: Financial Summary

	Q219A	2019A	Q120A	Q220E	Q220E	DIFF	Q320E	Q420E	2020E
Total Revenue	$2,207	$8,965	$2,198	$1,726	$1,766	($0.0)	$2,600	$3,500	$10,024
Total Operating Expenses	$1,246	$4,926	$1,443	$1,459	$882	65%	$1,230	$1,613	$5,745
Operating Income	($166)	($976)	($503)	($826)	($194)	326%	($164)	$102	($1,391)
Adj. EBITDA	($109)	($647)	($449)	($594)	($116)	413%	($53)	$244	($1,068)
Diluted EPS	($0.01)	($0.04)	($0.01)	($0.02)	($0.01)	($0.01)	($0.01)	($0.00)	($0.04)
Cash	$310	$3,691	$1,996	$4,982	$620		$2,594	$1,638	$1,638
Debt	$2,240	$1,603	$1,699	$1,876	$1,665		$1,838	$1,802	$1,802

Source: Company Reports; eResearch Corp.

Segment Data

EQ's operations are primarily located in Canada and, in Q2/2020, comprised over 92% of the regional revenue, with the U.S. generating over 7% of revenue (Figure 2).

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Although the Company generates revenues from four streams, the Advertising Services stream made up 75% of revenue but it is down from over 81% of revenue in 2019. However, data revenue continues to grow at the fastest pace, increasing 38% in Q2/2020 compared with the same quarter last year (Figure 3).

There is some customer concentration risk as the top three customers encompassed 65% of EQ's revenue in Q2/2020, much higher than in 2019 when the top three customers encompassed 51% of revenue.

Expenses

With the reduced usage in advertising services, Publishing Costs decreased slightly to $1.09 million in Q2/2020 from $1.13 million in Q2/2019 and Gross Margin in the quarter decreased to 37% from 49% in the same quarter last year. The lower Gross Margin was directly related to the fixed-price data feeds that the Company pays for on a monthly basis, regardless of usage.

Due to COVID-19, EQ implemented cost cutting measures to reduce expenses. The Company furloughed a number of employees at the beginning of the second quarter in an attempt to save costs, and applied for and received $0.4 million from the Canada Emergency Wage Subsidy ("CEWS") that reduced salary costs.

In an effort to reward and retain key employees, stock-based compensation increased to $0.125 million in the second quarter, up from $0.013 million in the same quarter in 2019.

Total Operating Expenses were $1.46 million in Q2/2020, slightly higher than $1.44 million in Q1/2020 and $1.25 million in Q2/2019. But Operating Expenses in Q2/2020 included employee compensation and costs associated with the acquisition of Juice Mobile in March.

EBITDA

The adjusted EBITDA for Q2/2020 was a loss of $0.6 million compared to a loss of $0.09 in Q2/2019. As previously mentioned, the decrease in advertising services' revenue combined with the quarterly fixed publishing costs, contributed to the decrease in quarterly EBITDA.

Figure 2: Revenue Segmentation Chart

	Dec 31/18 2018A	Mar 31/19 Q1/19A	Jun 30/19 Q2/19A	Sep 30/19 Q3/19A	Dec 31/19 Q4/19A	Dec 31/19 2019A	Mar 31/20 Q1/20A	Jun 30/20 Q2/20A
Geographcal (,000)								
Canada	$5,279	$1,072	$1,639	$2,224	$2,578	$7,513	$2,153	$1,600
United States	$588	$332	$568	$255	$290	$1,445	$45	$126
Outside of North America	$1	$2	$0	$0	$5	$7	$0	$0
Total ('000)	**$5,868**	**$1,406**	**$2,207**	**$2,479**	**$2,873**	**$8,965**	**$2,198**	**$1,726**
Revenue Streams (,000)								
Advertising Services	$4,934	$1,207	$1,861	$2,052	$2,158	$7,278	$1,599	$1,278
Fixed Fee Data Sales	$415	$79	$129	$236	$420	$864	$74	$103
CPM Data Sales	$334	$58	$184	$156	$286	$684	$355	$330
Other Services	$185	$62	$33	$35	$9	$139	$170	$15
Total ('000)	**$5,868**	**$1,406**	**$2,207**	**$2,479**	**$2,873**	**$8,965**	**$2,198**	**$1,726**
Customer Concentration								
Top Customer 1	34%	23%	28%	37%	n/a	27%	23%	28%
Top Customer 2	13%	21%	26%	20%	n/a	13%	16%	20%
Top Customer 3	0%	11%	0%	0%	n/a	11%	12%	17%
Total	**47%**	**55%**	**54%**	**57%**		**51%**	**51%**	**65%**

Source: Company Reports; eResearch Corp.

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Cash

As at June 30, 2020, EQ had $5.0 million in cash compared to $2.0 million in the previous quarter and only $0.3 million at the end of Q2/2019.

In May, EQ announced that it was accelerating the expiry date of 3.3 million warrants, which were issued pursuant to a December 2019 financing. Each warrant was exercisable at a price of $1.00 per common share but could be accelerated by the Company if the stock's closing price was greater than $1.25 for any 10 consecutive trading days. By the end of May, all of the warrants were exercised and approximately $3.3 million was raised.

The Company also received $0.08 million from the Canadian government as part of the Canada Emergency Business Loan (CEBA) and negotiated a new $1.6 million credit facility with one of Canada's major banks.

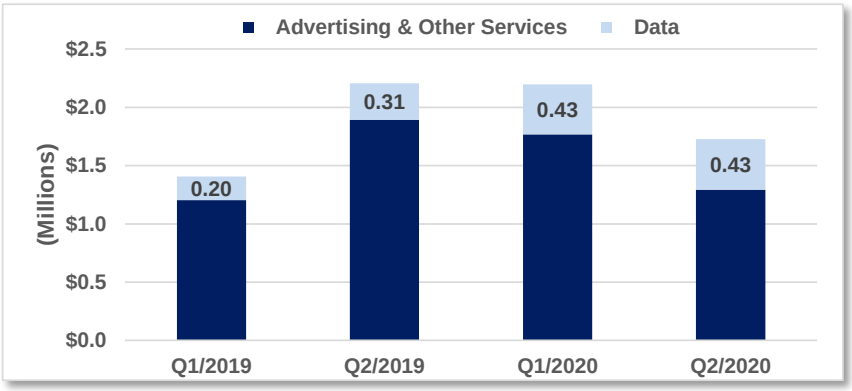
Also during the quarter, the Company's cash position increased by $0.1 million from stock options exercised but was reduced by costs from the Juice Mobile acquisition.

EQ believes that based on its current business outlook and cash balance, it is well-positioned to outlast the current health crisis.

Guidance

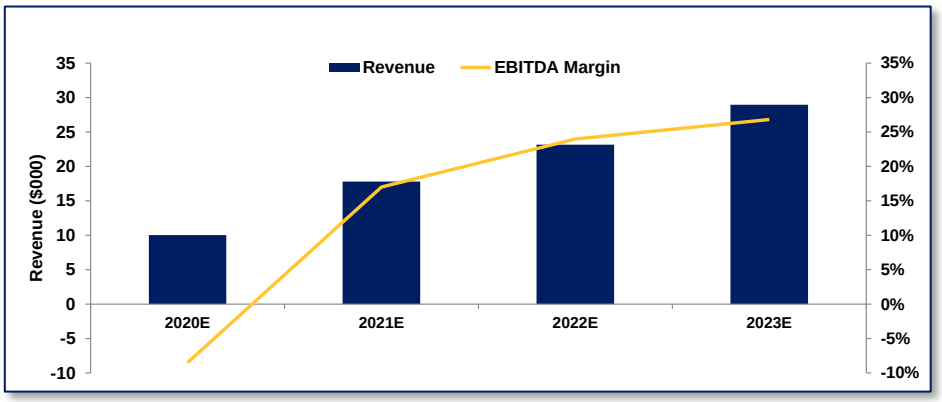
According to the Company's MD&A report, it expects the business to recover now that the economy is rebounding and the lockdowns have eased. EQ reported that the revenue was at its lowest in April and has increased steadily through to June. **EQ expects revenue in Q3/2020 to be at least 50% higher than the second quarter revenue of $1.7 million.**

Figure 3: Revenue by Segment Q1/2020 vs. Q1/2019



Source: Company Reports; eResearch Corp.

Figure 4: Revenue and EBITDA Margins



Source: Company Reports; eResearch Corp.

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VALUATION

Currently, EQ is trading in-line when compared with Large Cap companies in the industry (Appendix B). However, we estimate a high-growth scenario for EQ, which should lead to a premium valuation. For 2020 and 2021, we were estimating a 50% revenue growth rate prior to the COVID-19 crisis and now estimate a 12% revenue growth rate in 2020 but a 78% in 2021 when the economy bounces back from the 2020 revenue low.

Below are the revenue growth and gross margin assumptions we use in our model to reach our estimates.

METRIC	RATE				
	2019A	2020E	2021E	2022E	2023-2026E
Revenue Growth	56%	12%*	78%**	30%	25%
Gross Margins	44%	43%	54%	57%	~60%

**2020: Reduced Revenue Growth Rate to 12% from 25% due to the impact of COVID-19.*
***2021: Maintained 2021 revenue therefore Revenue Growth Rate increased to 78% from 60% due to bounce back after COVID-19.*

As previously mentioned, EQ expects revenue in Q3/2020 to be at least 50% higher than the second quarter revenue of $1.7 million so we reduced our 2020 Revenue estimate to $10.0 million from $11.3 million.

For 2021 and beyond, our assumption is that there is a potential for EQ to significantly increase revenue by shifting some sales & marketing efforts to the U.S. market. The U.S. is the largest advertising market in the world and, according to AdWeek, the U.S. advertising industry spend is expected to reach almost US$390 billion in 2020. Canada ranked tenth in advertising expenditures and spends about twenty times less than the U.S.

Target Price Calculation

Method 1: Discounted Cash Flow (see Figure 6**)**
We moved the model forward one quarter. Using a Weighted Average Cost of Capital (WACC) of 10% and a Terminal Multiple of 12x EBITDA in 2025, the one-year target share price estimate is $2.17.

Method 2: Revenue Multiple
We moved the model forward one quarter. Using a revenue multiple of 7x and a one-year forward Revenue estimate of $16.3 million, the one-year target share price is $1.80.

The equal-weighted price per share is $1.98 and we are maintaining the one-year price target at $2.00.

We are maintaining a Buy rating with a (blended) one-year price target of $2.00.

Figure 5: Target Price (1 Year) Calculation

			TARGET
Method 1: DCF	WACC:10%	Terminal Multiple:12x EBITDA	$2.17
Method 2: Revenue Multiple	7.0x	1 Year Fwd Revenue (Est.): $16.3M	$1.80
Equal-Weighted Target Price (1 year)			**$1.98**

Source: eResearch Corp.

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Figure 6: DCF Analysis

EQ Inc. FYE (December 31) DCF Analysis (C$)	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Revenue ($)	9.0	10.0	17.8	23.2	29.0	36.2	45.3
Revenue Growth	52.8%	11.8%	77.8%	30.1%	25.0%	25.0%	25.0%
EBITDA ($)	(0.6)	(0.9)	3.0	5.6	7.8	11.0	15.1
EBITDA Growth	*n/a*	*n/a*	*n/a*	83.6%	39.6%	41.2%	37.4%
EBITDA Margin	-7.2%	-8.5%	17.0%	24.0%	26.8%	30.3%	33.3%
Depreciation and Amortization	0.2	0.2	0.0	0.0	0.0	0.0	0.0
EBIT ($)	(0.8)	(1.0)	3.0	5.5	7.7	10.9	15.0
NOPAT	(1.0)	(1.3)	2.1	4.2	6.1	8.7	12.2
Plus Amortization ($)	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Less Capital Expenditures ($)	(0.4)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Capital Intensity	4.5%	3.5%	0.1%	0.1%	0.0%	0.0%	0.0%
Net Working Capital Changes	(0.4)	(2.7)	(1.5)	(1.3)	(1.6)	(2.0)	(2.5)
EPS (Continuing)	(0.04)	(0.04)	0.02	0.04	0.05	0.07	0.09
Unlevered Free Cash Flow ($)	(1.6)	(4.2)	0.6	3.0	4.5	6.8	9.7
PV of Unlevered FCFs ($)	(1.7)	(4.0)	0.5	2.4	3.3	4.5	5.8

Valuation Assumptions:	
Discount Rate	10.0%
Terminal Multiple	12.0x

Valuation Analysis:	**Current**	**1-Yr Target**	**2-Yr Target**
Total PV of FCFs ($M)	12.5	18.2	19.4
Terminal Value ($M)	180.8	180.8	180.8
PV of Terminal Value ($M)	108.9	119.8	131.8
Net (debt) cash position	4.3	4.4	6.4
Total Value ($M)	125.7	142.4	157.6
DCF Value/Share (C$)	**C$1.91**	**C$2.17**	**C$2.40**
DCF Value/Share (US$)	**US$1.46**	**US$1.66**	**US$1.83**
FD Shares O/S (M)	65.7	65.7	65.7

Source: Company Reports; eResearch Corp.

Figure 7: Sensitivity Chart – Discount Rate and Terminal EV/EBITDA Multiple

		Terminal EV/EBITDA Multiplier						
		9.00	**10.00**	**11.00**	**12.00**	**13.00**	**14.00**	**15.00**
Discount Rate	**6.0%**	1.98	2.16	2.34	2.51	2.69	2.87	3.05
	8.0%	1.84	2.00	2.17	2.33	2.50	2.66	2.83
	10.0%	1.71	1.86	2.02	**2.17**	2.32	2.47	2.62
	12.0%	1.60	1.74	1.88	2.02	2.16	2.30	2.44
	14.0%	1.49	1.62	1.75	1.88	2.01	2.14	2.27
	16.0%	1.39	1.51	1.64	1.76	1.88	2.00	2.12

Source: Company Reports; eResearch Corp.

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APPENDIX A: FINANCIAL STATEMENTS

Figure 8: Income Statement

EQ Inc. Income Statement - FYE (December 31)	2018A	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Total Revenue	**5,868**	**8,965**	**2,198**	**1,726**	**2,600**	**3,500**	**10,024**	**17,819**	**23,177**
Total Cost of Sales	3,137	5,015	1,258	1,093	1,534	1,785	5,670	8,138	9,966
Gross Profit	**2,731**	**3,950**	**940**	**633**	**1,066**	**1,715**	**4,354**	**9,681**	**13,211**
Sales & Marketing	-	-	-	-	-	-	-	-	-
General and Administrative	2,383	3,026	962	904	780	1,050	3,696	4,881	5,794
Other operating costs	1,498	1,726	436	448	338	420	1,642	1,771	1,854
Stock Based Compensation	-	-	-	-	96	130	226	659	858
Depreciation of Property & Equipment	46	130	34	36	14	13	97	42	32
Total Operating Expenses	**3,986**	**4,926**	**1,443**	**1,459**	**1,230**	**1,613**	**5,745**	**7,358**	**8,542**
Operating Income	**(1,255)**	**(976)**	**(503)**	**(826)**	**(164)**	**102**	**(1,391)**	**2,323**	**4,668**
Total Other Income	**(645)**	**(938)**	**(149)**	**(123)**	**(742)**	**(397)**	**(1,410)**	**(982)**	**(1,667)**
EBT	**(1,900)**	**(1,914)**	**(652)**	**(949)**	**(905)**	**(295)**	**(2,801)**	**1,342**	**3,002**
Income Taxes	70	-	-	-	91	29	120	(134)	(300)
Net Income (Loss)	(1,830)	(1,914)	(652)	(949)	(815)	(265)	(2,681)	1,207	2,701
EPS									
Basic EPS	(0.05)	(0.04)	(0.01)	(0.02)	(0.01)	(0.00)	(0.05)	0.02	0.05
Diluted EPS	(0.05)	(0.04)	(0.01)	(0.02)	(0.01)	(0.00)	(0.04)	0.02	0.04
Shares Outstanding									
Shares Outstanding, Basic	40,034	48,331	54,917	55,114	58,903	58,903	58,903	58,903	58,903
Shares Outstanding, Diluted	40,034	48,331	48,331	58,659	65,445	65,445	65,445	65,445	65,445

Source: Company Reports; eResearch Corp.

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Figure 9: Balance Sheet

EQ Inc. Balance Sheet - FYE (December 31)	2018A	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Current Assets									
Cash	584	3,691	1,996	4,982	2,594	1,638	1,638	1,860	4,052
Restricted Cash & Short-Term Investments	0	0	0	0	0	0	0	0	0
Account Receivables	2,167	2,060	2,274	2,235	2,847	3,833	3,833	5,545	6,987
Investment Tax Credits Receivable	0	0	0	0	184	214	214	273	329
Prepaid Expenses & Other Assets	293	197	358	334	107	141	141	173	208
Total Current Assets	3,044	5,948	4,628	7,551	5,733	5,826	5,826	7,852	11,576
Non-Current Assets									
Property and Equipment	125	102	153	133	121	111	111	85	66
Intangible Assets	206	537	983	111	111	111	111	111	111
Goodwill	535	535	1,260	1,062	1,062	1,062	1,062	1,062	1,062
Other	0	146	129	1,260	1,260	1,260	1,260	1,260	1,260
Total Assets	3,910	7,268	7,153	10,117	8,287	8,370	8,370	10,370	14,075
Current Liabilities									
Accounts Payables	1,851	1,705	1,972	1,819	734	962	962	1,187	1,421
Lease Liability	0	70	70	70	81	109	109	157	198
Due to Related Parties	0	0	0	0	0	0	0	0	0
Short-Term Debt	1,577	0	1,699	1,876	1,838	1,802	1,802	1,662	1,533
Taxes Payable	0	0	0	0	0	0	0	0	0
Total Current Liabilities	4,067	2,055	4,203	4,238	3,126	3,345	3,345	3,479	3,624
Non-Current Liabilities									
Term Loan	0	1,603	0	0	0	0	0	0	0
Provision/Loan Payable/Benefits Payable	214	0	0	0	0	0	0	0	0
Total Liabilities	4,281	3,746	4,274	4,292	3,180	3,399	3,399	3,533	3,678
Shareholders Equity									
Capital Stock	-371	3,522	2,879	5,825	5,825	5,825	5,825	5,825	5,825
Warrants & Options	0	0	0	0	0	0	0	0	0
Contributed Surplus	0	0	0	0	96	226	226	885	1,743
Deficit	-	-	-	-	(815)	(1,080)	(1,080)	127	2,829
Total Shareholders Equity	-371	3,522	2,879	5,825	5,107	4,971	4,971	6,837	10,396
Total Liabilities & Shareholders Equity	3,910	7,268	7,153	10,117	8,287	8,370	8,370	10,370	14,075

Source: Company Reports; eResearch Corp.

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Figure 10: Cash Flow Statement

EQ Inc. Cash Flow Statement - FYE (December 31)	2018A	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Cash Provided By Operating Activities									
Net Income (Loss)	(1,830)	(1,914)	(652)	(949)	(815)	(265)	(2,681)	1,207	2,701
Amortization of Intangibles	59	44	11	71	1	1	84	4	4
Depreciation of Property & Equipment	46	130	34	36	14	13	97	42	32
Stock Based Compensation Expense	56	155	9	125	96	130	360	659	858
Changes in Non-Cash Working Capital									
Account & Other Receivables	(101)	107	(214)	39	(612)	(986)	(1,773)	(1,712)	(1,442)
Investment/Income Tax Credits	-	-	-	-	(184)	(30)	(214)	(59)	(56)
Prepaid Expenses & Other Current Assets	(27)	(73)	(161)	277	227	(33)	309	(33)	(34)
Accounts Payable & Other Payables	(25)	(127)	267	(304)	(1,085)	227	(894)	225	233
Deferred (Unbilled) Revenue	(66)	(324)	-	-	11	28	39	48	41
Total Cash Provided By Operating Activities	**(1,385)**	**(1,044)**	**(657)**	**(650)**	**(2,347)**	**(916)**	**(4,569)**	**382**	**2,338**
Investing Activities									
Purchase of Property & Equipment	(28)	(30)	(64)	-	(3)	(2)	(69)	(16)	(12)
Purchase of Intangibles	-	(375)	(125)	(150)	(1)	(1)	(277)	(4)	(4)
Business Acquisition	213	169	(850)	-	-	-	(850)	-	-
Redemption of Short-Term Investments & Restricted Cash	-	(744)	-	-	-	-	-	-	-
Total Cash From Investing Activities	**186**	**(978)**	**(1,038)**	**(150)**	**(4)**	**(4)**	**(1,195)**	**(21)**	**(17)**
Financing Activities									
Proceeds from Loan	-	183	-	80	-	-	80	-	-
Operating Line (Repayment)	-	-	(1)	(1)	-	-	(2)	-	-
Repayment of Loan	(1,875)	(430)	(47)	(46)	(38)	(37)	(167)	(140)	(129)
Issue/Repurchase of Equity	1,604	5,112	-	-	-	-	-	-	-
Proceeds from exercise of Stock Options and Warrants	1,150	283	-	3,770	-	-	3,770	-	-
Total Cash From Financing Activities	**879**	**5,148**	**(48)**	**3,803**	**(38)**	**(37)**	**3,681**	**(140)**	**(129)**
Effect of Exchange Rates on Cash	**13**	**(19)**	**48**	**(17)**	**-**	**-**	**31**	**-**	**-**
Net Increase in Cash	**(307)**	**3,107**	**(1,695)**	**2,986**	**(2,388)**	**(956)**	**(2,053)**	**222**	**2,192**
Beginning Cash	**891**	**584**	**3,691**	**1,996**	**4,982**	**2,594**	**3,691**	**1,638**	**1,860**
Ending Cash	**584**	**3,691**	**1,996**	**4,982**	**2,594**	**1,638**	**1,638**	**1,860**	**4,052**

Source: Company Reports; eResearch Corp

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APPENDIX B: ADTECH & BUSINESS INTELLIGENCE COMPARABLES

Figure 11: U.S. and Canadian Comparables

Name	Ticker	Sep 08 Close (US$)	Mkt Cap (US$ M)	EV (US$ M)	REVENUE (US$ M)			EBITDA (US$ M)			EV/Revenue			EV/EBITDA		
					2019A	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
US Comps - Large Cap																
Accenture plc	NYSE:ACN	$232.65	$148,011	$145,546	$43,968	$44,356	$46,526	$7,068.9	$8,131	$8,430	3.3x	3.3x	3.1x	20.6x	17.9x	17.3x
Adobe Inc.	NasdaqGS:ADBE	$462.13	$221,668	$222,014	$11,171	$12,748	$14,701	$3,833.9	$6,030	$7,075	19.9x	17.4x	15.1x	57.9x	36.8x	31.4x
Alphabet Inc.	Nasdaq:GOOG.L	$1,523.60	$1,036,297	$931,360	$161,857	$172,716	$207,171	$48,133.0	$58,829	$72,948	5.8x	5.4x	4.5x	19.3x	15.8x	12.8x
Facebook, Inc.	Nasdaq:FB	$271.16	$772,485	$725,249	$70,697	$80,131	$99,122	$29,727.0	$40,152	$49,939	10.3x	9.1x	7.3x	24.4x	18.1x	14.5x
LiveRamp Holdings, Inc.	NYSE:RAMP	$50.46	$3,324	$2,693	$353	$384	$429	-$171.7	-$8	$22	7.6x	7.0x	6.3x			124.1x
The Trade Desk, Inc.	Nasdaq:TTD	$420.09	$19,638	$19,462	$661	$732	$983	$128.4	$175	$287	29.4x	26.6x	19.8x	151.6x	111.2x	67.9x
Verizon Communications Inc.	NYSE:VZ	$59.96	$248,118	$377,382	$131,868	$128,011	$132,331	$48,203.0	$46,631	$48,075	2.9x	2.9x	2.9x	7.8x	8.1x	7.8x
US Comps - Mid Cap																
Criteo S.A.	NasdaqGS:CRTO	$12.25	$735	$506	$2,262	$770	$783	$247.1	$195	$196	0.2x	0.7x	0.6x	2.0x	2.6x	2.6x
Digital Turbine, Inc.	NasdaqCM:APPS	$23.48	$2,056	$2,064	$127	$138	$244	$12.9	$44	$59	16.3x	15.0x	8.4x	159.6x	47.0x	35.2x
Fluent, Inc.	Nasdaq:FLNT	$3.23	$246	$285	$282	$303	$330	$22.0	$35	$42	1.0x	0.9x	0.9x	13.0x	8.1x	6.9x
Marchex, Inc.	Nasdaq:MCHX	$1.82	$79	$45	$106	$99	$82	$1.2	-$11	-$17	0.4x	0.5x	0.6x	37.5x		
QuinStreet, Inc.	Nasdaq:QNST	$14.26	$751	$656	$483	$480	$522	$22.6	$35	$53	1.4x	1.4x	1.3x	29.1x	18.7x	12.4x
Magnite, Inc.	NASDAQ:MGNI	$6.40	$706	$645	$156	$202	$246	-$3.0	$17	$41	4.1x	3.2x	2.6x		38.7x	15.8x
TechTarget, Inc.	Nasdaq:TTGT	$38.48	$1,060	$1,057	$134	$137	$151	$27.7	$44	$51	7.9x	7.7x	7.0x	38.1x	24.1x	20.6x
US Comps - Small Cap																
Harte Hanks, Inc.	OTCPK:HRTH	$1.81	$12	$33	$218	$169	$0	-$10.2	$3	$0	0.2x	0.2x			11.7x	
Inuvo, Inc.	AMEX:INUV	$0.37	$36	$39	$62	$47	$56	-$4.1	-$2	-$1	0.6x	0.8x	0.7x			
Marin Software Incorporated	Nasdaq:MRIN	$1.35	$9	$14	$49	$0	$0	-$13.7	$0	$0	0.3x					
Mobiquity Technologies, Inc.	OTCPK:MOBQ	$6.71	$69	$77	$10	$0	$0	-$11.9	$0	$0	8.0x					
SRAX, Inc.	Nasdaq:SRAX	$3.08	$44	$41	$4	$5	$13	-$17.6	-$10	-$4	11.5x	8.1x	3.2x			
Mean											**5.6x**	**5.2x**	**5.3x**	**10.5x**	**12.6x**	**11.3x**
Median											**4.1x**	**3.3x**	**3.2x**	**26.7x**	**18.1x**	**15.8x**

Name	Ticker	Sep 08 Close (C$)	Mkt Cap (C$ M)	EV (C$ M)	REVENUE (C$ M)			EBITDA (C$ M)			EV/Revenue			EV/EBITDA		
					2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
EQ Inc.	**TSXV:EQ**	**$1.45**	**$85**	**$82**	**$9.0**	**$10**	**$18**	**-$0.6**	**-$0.1**	**$3.0**	**9.2x**	**8.2x**	**4.6x**			**27.2x**
Canadian Comps																
AcuityAds Holdings Inc.	TSX:AT	$2.47	$123.1	$139.2	$119.1	$98.9	$123.0	$4.6	$11.7	$17.0	1.2x	1.4x	1.1x	30.1x	11.9x	8.2x
Adcore Inc.	TSXV:ADCO	$0.52	$29.0	$25.2	$11.3	$0.0	$0.0	$3.5	$0.0	$0.0	2.2x			7.2x		
Aquarius AI Inc.	TSXV:AQUA	$0.20	$4.8	$16.2	$8.4	$0.0	$0.0	-$16.9	$0.0	$0.0	1.9x					
Engagement Labs Inc.	TSXV:EL	$0.03	$5.9	$5.4	$4.1	$0.0	$0.0	-$3.0	$0.0	$0.0	1.3x					
Frankly Inc.	TSXV:TLK	$0.44	$14.6	$12.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0						
Killi Ltd.	TSXV:MYID	$0.07	$18.1	$17.1	$3.5	$0.0	$0.0	-$7.0	$0.0	$0.0	4.9x					
Loop Insights Inc.	TSXV:MTRX	$0.24	$25.0	$24.7	$0.0	$0.0	$0.0	-$6.4	$0.0	$0.0						
YANGAROO Inc.	TSXV:YOO	$0.11	$6.3	$4.9	$7.4	$0.0	$0.0	$0.1	$0.0	$0.0	0.7x			84.9x		
Yellow Pages Limited	TSX:Y	$11.60	$325.7	$382.1	$403.2	$337.1	$288.0	$128.3	$134.4	$106.6	0.9x	1.1x	1.3x	3.0x	2.8x	3.6x
Zoomd Technologies Ltd.	TSXV:ZOMD	$0.22	$20.5	$17.3	$27.1	$0.0	$0.0	-$1.5	$0.0	$0.0	0.6x					
Mean											**1.7x**	**1.3x**	**1.2x**	**5.1x**	**7.4x**	**5.9x**
Median											**1.2x**	**1.3x**	**1.2x**	**18.6x**	**7.4x**	**5.9x**

Source: S&P Capital IQ; eResearch Corp.

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APPENDIX C: Investment Thesis – Why Invest in EQ Inc.

LEADER AND INNOVATOR IN LOCATION-BASED ANALYTICS AND SOLUTIONS

EQ is a leader in location-based analytics linking activity in the online world to the physical world to provide actionable insights for businesses and advertisers. The Company leverages strong relationships with its clients, publishing partners, and data providers, yielding insights into millions of devices and locations for audience creation, tracking, and verification. EQ has over 1 petabyte of data, growing at 7 terabytes daily and, to augment its data, has secured licencing agreements with a number of third-party data providers, including Opta, Mastercard, Statistics Canada, and TMG Analytics. **EQ has also been recognized as an innovator by its industry peers.** The Company was nominated in the category for the Best Location-Based Platform at the 2016 Digiday Signal Awards, and won in the category of Best Publisher Innovation at the Digital Trading Awards in 2017..

Recent news releases highlight EQ's Data & AI capabilities in the Digital-Out-Of-Home advertising space. The Company announced a partnership with Media City and a multi-year partnership with one of Canada's largest out-of-home advertising companies because of EQ's unique data and location oriented technology platform.

DIGITAL ADVERTISING AND LOCATION-BASED DATA – LARGE AND GROWING MARKET

By the end of 2020, eMarketer expects companies in the U.S. to spend over US$150 billion on digital ads versus US$107 billion on traditional ads, with two-thirds of the ads targeting mobile devices. Worldwide, by 2023, digital ads will capture over 60% of all ad spending and reach over US$517 billion.

STRONG REVENUE GROWTH AND AN INCREASING SOLUTIONS PORTFOLIO

EQ's business growth centres on its SaaS online advertising platform. **Revenue growth in 2019 was over 52%, reaching $9.0 million in annual sales with data revenue growing at 73% year-over-year.** In addition, EQ added 62 new clients during 2019 and 18 new clients in Q1/2020. New data integrations enabled EQ audience segments to be exported to hundreds of external media and data platforms.

DOMINANT PLAYER IN CANADA, ROOM TO GROW IN THE U.S.

EQ is one of the largest providers of location-based data in Canada. Currently, **EQ collects over 7 terabytes of unique first-party location-based data daily** and has already identified more than 1,000 proprietary Custom Audience Profiles for the Canadian market. The Company currently has 3 million locations mapped, with over 18 million unique individuals reached in Canada and processes over 15 billion data points daily.

Currently, the U.S. only accounts for 16% of revenue. The U.S. is the largest ad market in the world (Canada is #10) and, according to AdWeek, the advertising industry in the U.S. is expected to spend almost US$390 billion in 2020. **By shifting some sales & marketing efforts to the U.S. market, there is the potential for EQ to significantly increase revenue.**

ORGANIC AND INORGANIC GROWTH STRATEGY

EQ has demonstrated the ability to grow revenue organically through product development but has made tactical business acquisitions when the Company saw a need to fill a technical or skills gap. In the past two years, EQ has completed two acquisitions: Tapped Networks and certain assets of Curate Mobile Ltd., including Juice Mobile. As EQ continues with its U.S. expansion, an acquisition of a U.S.-based company could speed up revenue growth and client acquisition.

EXPERIENCED MANAGEMENT TEAM

EQ has established a highly experienced team of professionals in the fields of digital strategy, online advertising & marketing, finance, product strategy, and mergers & acquisitions. EQ's CEO Geoffrey Rotstein has over 20 years of online advertising and marketing experience and has guided the Company through its transition to become a dominant player in the location-based online advertising industry in Canada.

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***e*Research Analyst on this Report:** Chris Thompson CFA, MBA, P.Eng.

Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own common shares, share options or share warrants of EQ Inc. (TSXV:EQ).

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