

REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$2.65	\$2.60
Revenue F2021E (M)	\$13.9	\$14.5
Adj. EBITDA F2021E (M)	\$0.8	\$0.2
Adj. EPS F2021 (M)	-\$0.02	-\$0.01

MARKET DATA

Date:	Jun 18, 2021
Current Price (C\$):	\$1.43
Target Price (C\$):	\$2.65
52-Week Range:	\$1.22 / \$1.90
Shares O/S (M):	68.2
Mkt Cap (C\$M):	\$97.6
EV (C\$M):	\$84.6
Avg. Weekly Vol. (M):	0.01

Website: www.eqworks.com

FINANCIALS

	F2019A	F2020A	F2021E
Revenue (\$M)	\$9.0	\$10.4	\$13.9
EBITDA (\$M)	-\$0.6	-\$1.3	\$0.8
EPS (S)	-\$0.04	-\$0.05	-\$0.02
Cash (\$M)	\$3.7	\$3.2	\$10.4
Current Assets (\$M)	\$5.9	\$8.0	\$16.4
Net Cash (\$M)	\$2.1	\$1.1	\$10.3
Total Assets (\$M)	\$7.3	\$10.0	\$18.4
Debt (\$M)	\$1.6	\$2.1	\$0.1
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 Increases 12% Year-over-Year as EQ Forecasts 60% Revenue Growth Next Quarter as Retail Reopens

Company Description:

EQ Inc. ("EQ" or "the Company") enables businesses to understand, predict, and influence customer behaviour. Using unique and 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.

Quarterly Highlights:

- **Data Revenue Increased by 12% Y/Y but Down 51% Q/Q**
 - **EQ's** data solutions revenue, recently its fastest-growing segment, increased 12% year-over-year to \$0.48 million in Q1/2021 but decreased 51% from Q4/2020.
 - Due to seasonality & COVID-19 impacts, overall revenue for Q1/2021 was \$1.75 million, down from \$2.20 million in Q1/2020 but slightly higher than our estimate of \$1.70 million.
- **EQ Expects Q2/2021 Revenue at Least 60% Higher Q/Q**
 - In mid-May, **EQ** commented that it expects Q2/2021 revenue to be at least 60% higher than Q1/2021 revenue as revenue increased month-over-month through the first quarter.
- **Recent Client Deal Announcement Supports Stronger H2/2021**
 - In January, the Company reported that it signed commitments of more than \$4 million for data-driven marketing projects.
 - In June, **EQ** announced that it signed a data services contract with one of Canada's largest integrated media companies and also signed a \$1.8 million agreement with an unnamed Media Agency.
- **Strong Balance Sheet After Q1/2021 Financing**
 - As of March 31, **EQ's** cash balance was \$13.4 million.

Financial Analysis & Valuation:

- We slightly reduced our 2021 revenue estimate due to the continued impact of COVID-19 on advertising spending but left 2022E revenue unchanged.
 - 2021E: Revenue \$14.5 million; EBITDA \$0.8 million;
 - 2022E: Revenue \$23.2 million; EBITDA \$3.0 million.
- We estimate an equal-weighted price target of \$2.65 based on a DCF valuation (\$2.54/share) and Revenue Multiple valuation (\$2.78/share).
- **We are maintaining our Buy rating and increasing our one-year price target to \$2.65.**

All figures in CAD unless otherwise stated.

Review of Q1/2021 Financials

Revenue

EQ reported that its revenue continued to be negatively impacted by the COVID-19 pandemic. During Q1/2021, the Company's media business had campaigns paused or reduced due to COVID-19 as governments continued to enact stay-at-home measures, requiring everyone to remain at home except for essential purposes.

Revenue for the three months ended March 31, 2021, was \$1.75 million, a decrease of 20%, compared to \$2.20 million in the same quarter a year ago but slightly higher than our estimate of \$1.70 million (Figure 1).

From a seasonality perspective, the first calendar quarter is traditionally the slowest for EQ's advertising services and the year-over-year decrease was attributed to the reduced spending by clients due to the pandemic.

EQ's data solutions revenue, recently its fastest-growing segment, decreased 51% from Q4/2020 to \$0.48 million in Q1/2021, but still accounted for 27% of the overall quarterly revenue and was still up 12% compared to Q1/2020.

EQ reported that it continued to engage more clients on its LOCUS data platform, added more third-party data providers, and also launched new data products. In January, the Company announced that its clients have agreed to spend a minimum of \$4 million on projects this year that use EQ's data analysis tools as well as its targeted media-buying platform.

Figure 1: Financial Summary

(C\$) ('000)	2019A	Q120A	Q220A	Q320A	Q420A	2020A	Q121A	Q121E	DIFF	Q221E	Q321E	Q421E	2021E
Total Revenue	\$8,965	\$2,198	\$1,726	\$2,851	\$3,646	\$10,421	\$1,755	\$1,700	3%	\$2,975	\$4,200	\$5,000	\$13,930
Total Operating Expenses	\$4,926	\$1,443	\$1,459	\$1,908	\$2,897	\$7,707	\$1,725	\$985	75%	\$1,708	\$2,425	\$2,872	\$8,730
Operating Income	(\$976)	(\$503)	(\$826)	(\$494)	(\$1,161)	(\$2,984)	(\$907)	(\$101)	(\$806)	(\$72)	(\$115)	(\$122)	(\$1,216)
Adj. EBITDA	(\$647)	(\$449)	(\$594)	(\$111)	(\$127)	(\$1,282)	\$578	(\$17)	\$595	\$59	\$84	\$100	\$822
Diluted EPS	(\$0.04)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.05)	(\$0.02)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.02)
Cash	\$3,691	\$1,996	\$4,982	\$4,651	\$3,209	\$3,209	\$13,350	\$14,350		\$11,878	\$10,956	\$10,373	\$10,373
Debt	\$1,603	\$1,699	\$1,876	\$1,973	\$2,069	\$2,069	\$120	\$2,028		\$118	\$115	\$113	\$113

Source: Company Reports; eResearch Corp.

Segment Data

In Q1/2021, **EQ** generated \$1.72 million or 98% from clients in Canada, up from 96% in Q4/2020, with the U.S. generating only 2% of revenue in the quarter ([Figure 2](#)).

EQ is now reporting revenue stream from two segments, Advertising Services and Fixed Fee Data Sales. In Q1/2021, the Advertising Services stream comprised 73% of revenue but continues to decrease and is down from over 84% of revenue in 2019. Although Data revenue decreased quarter-over-quarter for the first time in a year, the Company continues to believe that this segment will recover and become a larger percentage of overall revenue this year ([Figure 3](#)).

There is some customer concentration risk as the top three customers comprise 55% of EQ's revenue in Q1/2021, but we believe the concentration rate should be abated as customer spending recovers once the government lockdowns are eased.

Expenses

Publishing Costs decreased to \$0.94 million in Q1/2021, from \$1.90 million in the previous quarter and \$1.26 million in Q1/2020.

Gross Margin improved year-over-year to 47% from 43% in Q1/2020; the Company attributed the higher Gross Margin to a larger percentage of data sales.

During the quarter, **EQ** benefited from Canadian Employment Wage Subsidy ("CEWS") of \$0.13 million, which was used to reduce salary costs. In response to the pandemic, the Company has actively been reducing costs over the past year, which has translated into lower expenses.

In a continued effort to reward and retain key employees during the pandemic, stock-based compensation remained virtually unchanged at \$0.24 million in Q1/2021 versus \$0.27 million in the last quarter.

Total Operating Expenses were \$1.7 million in Q1/2021, higher than \$1.4 million in Q1/2020, but lower than \$2.9 million in Q4/2020 that included an impairment expense.

EBITDA

Adjusted EBITDA in Q1/2021 was \$0.6 million compared to a loss of \$0.4 million in Q1/2020. Margin improvements came from a larger portion of data sales (higher margin) and tight expense controls that helped to move EBITDA positive. We expect **EQ** to remain EBITDA positive for 2021 ([Figure 4](#)).

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	Sep 30/20 Q3/20A	Dec 31/20 Q4/19A	Dec 31/20 2020A	Mar 31/21 Q1/21A
Geographical												
Canada	\$5,279	\$1,072	\$1,639	\$2,224	\$2,578	\$7,513	\$2,153	\$1,600	\$2,655	\$3,511	\$9,919	\$1,723
United States	\$588	\$332	\$568	\$255	\$290	\$1,445	\$45	\$126	\$196	\$135	\$502	\$32
Outside of North America	\$1	\$2	\$0	\$0	\$5	\$7	\$0	\$0	\$0	\$0	\$0	\$0
Total ('000)	\$5,868	\$1,406	\$2,207	\$2,479	\$2,873	\$8,965	\$2,198	\$1,726	\$2,851	\$3,646	\$10,421	\$1,755
Revenue Streams												
Advertising Services	\$4,934	\$1,207	\$1,861	\$2,052	\$2,398	\$7,518	\$1,769	\$1,278	\$2,096	\$2,453	\$7,596	\$1,275
Fixed Fee Data Sales	\$415	\$79	\$129	\$236	466 *	1,308 *	429 *	\$103	\$335	975 *	2,546 *	480 *
CPM Data Sales	\$334	\$58	\$184	\$156	N/A	N/A	\$0	\$330	\$374	N/A	N/A	\$0
Other Services	\$185	\$62	\$33	\$35	\$9	\$139	\$0	\$15	\$46	\$218	\$279	\$0
Total ('000)	\$5,868	\$1,406	\$2,207	\$2,479	\$2,873	\$8,965	\$2,198	\$1,726	\$2,851	\$3,646	\$10,421	\$1,755
Customer Concentration												
Top Customer 1	34%	23%	28%	37%	n/a	27%	23%	28%	21%	n/a	23%	24%
Top Customer 2	13%	21%	26%	20%	n/a	13%	16%	20%	12%	n/a	14%	21%
Top Customer 3	0%	11%	0%	0%	n/a	11%	12%	17%	12%	n/a	0%	10%
Total	47%	55%	54%	57%		51%	51%	65%	45%		37%	55%

*Includes CPM

Source: Company Reports; eResearch Corp.

Cash and Debt

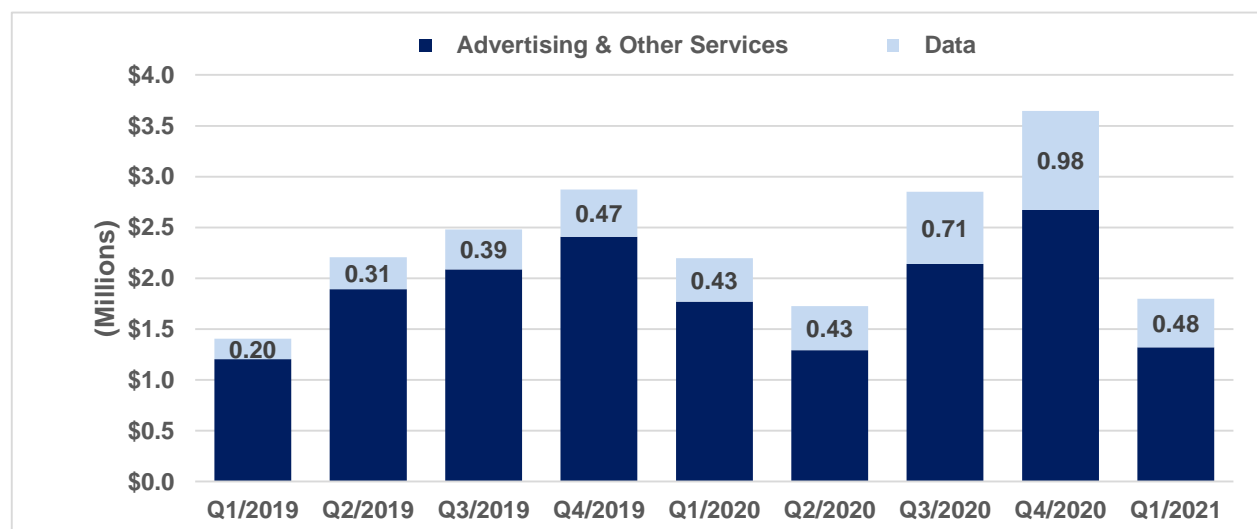
As at March 31, 2021, **EQ** had \$13.4 million in cash compared to \$3.2 million in the previous quarter. Major changes to the Cash and Debt positions in the quarter included:

- Equity Financing and Warrants Exercised
 - In February 2021, **EQ** closed an equity offering for aggregate gross proceeds of \$11.5 million by issuing 7.19 million shares at \$1.60 per share;
 - In January 2021, **EQ** received proceeds of approximately \$1.39 million from the exercise of 2.1 million warrants at an exercise price of \$0.66. Each warrant was converted into one common share.

- Revolving Credit Facility
 - In 2020, the Company closed a new \$1.6 million revolving credit facility, which included a credit card facility, and is secured by accounts receivable. As at March 31, 2021, there was no outstanding balance on the loan portion and \$0.07 million outstanding under the credit card facility.
- Canada Emergency Business Loan (“CEBA”)
 - **EQ** has also tapped into CEBA provided by the Government of Canada that provided interest-free loans to businesses to help cover operating costs during COVID-19. As of March 31, 2021, the Company has received \$0.12 million from the CEBA program. The loan is interest-free until December 31, 2022, when any remaining balance would be converted to a three-year term loan at an annual interest rate of 5%.
- Debt Repayment
 - During the quarter ended March 31, 2021, the 2019 Promissory Notes of \$1.72 million and accrued interest were fully repaid.

EQ continues to believe that based on its current business outlook and strong cash balance, it is well-positioned to outlast the pandemic, enhance and develop new data services, and complete strategic acquisitions during the year ([Figure 5](#)).

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



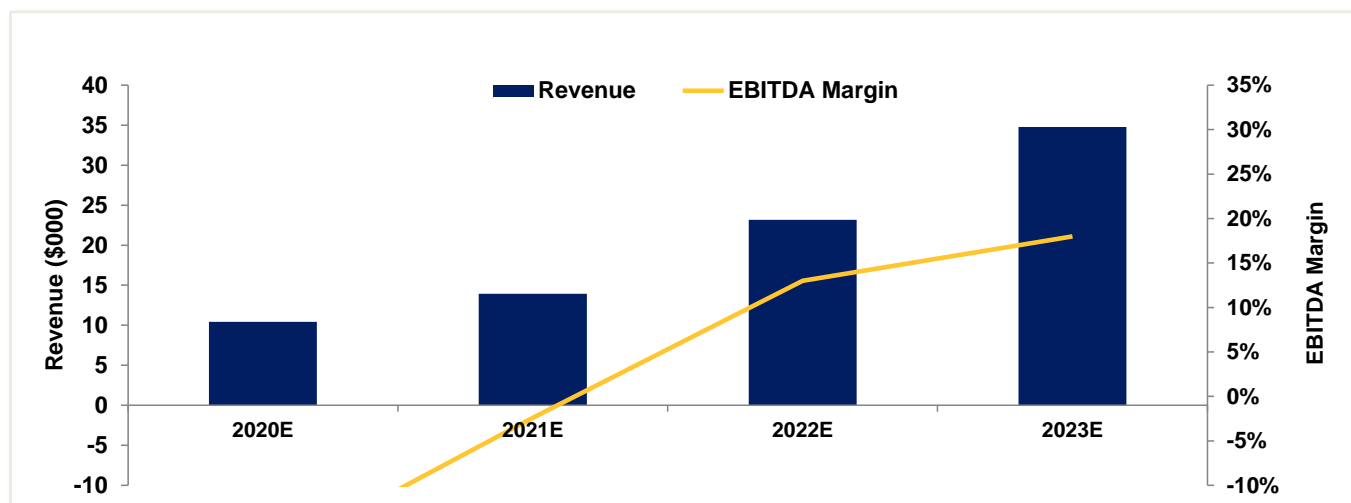
Source: Company Reports; eResearch Corp.

Guidance

In May, **EQ** commented that, at the mid-point of the quarter, the Company expects Q2/2021 revenue to be at least 60% higher than Q1/2021 revenue. In addition, according to the Company’s MD&A report, revenue increased month-over-month through the first quarter, and the Company expects this trend to continue throughout the year. For Q2/2021, we modelled revenue growth of 70% quarter-over-quarter.

As mentioned in our [previous report](#), when government mandated shopping restrictions are completely lifted, EQ’s technology will play an important role for businesses to understand consumer behaviour in a post-COVID-19 world. EQ offers a unique value proposition in the market as it gives customers the ability to understand what consumers are looking for and then present them with the most relevant content and advertising.

Figure 4: Revenue and EBITDA Margins



Source: Company Reports; eResearch Corp.

Events in the Quarter

In January, **EQ** announced that it repaid in full the original principal amount of \$1.7 million and any accrued and unpaid interest on this amount of non-convertible secured promissory notes issued on August 19, 2019. The Promissory Notes accrued interest at 12% per annum and matured 17 months from the date of issue. After the repayment, the Company will have no remaining debt outstanding.

Also in January, the Company reported that it signed commitments of more than \$4 million for data-driven marketing projects and sees a strong pipeline of potential sales.

In February, **EQ** closed an equity offering for aggregate gross proceeds of \$11.5 million by issuing 7.19 million shares at \$1.60 per share. The Company intends to use the proceeds to further develop its proprietary SaaS platform, expand its artificial intelligence and machine learning practices, for marketing and branding initiatives, research and development, expansion into the U.S., and for working capital and general corporate purposes.

In February, the Company announced a partnership with **Opta Information Intelligence** to deliver a first-of-its-kind digital marketing solution for the Canadian Insurance industry. **Opta** is Canada's largest property location intelligence provider.

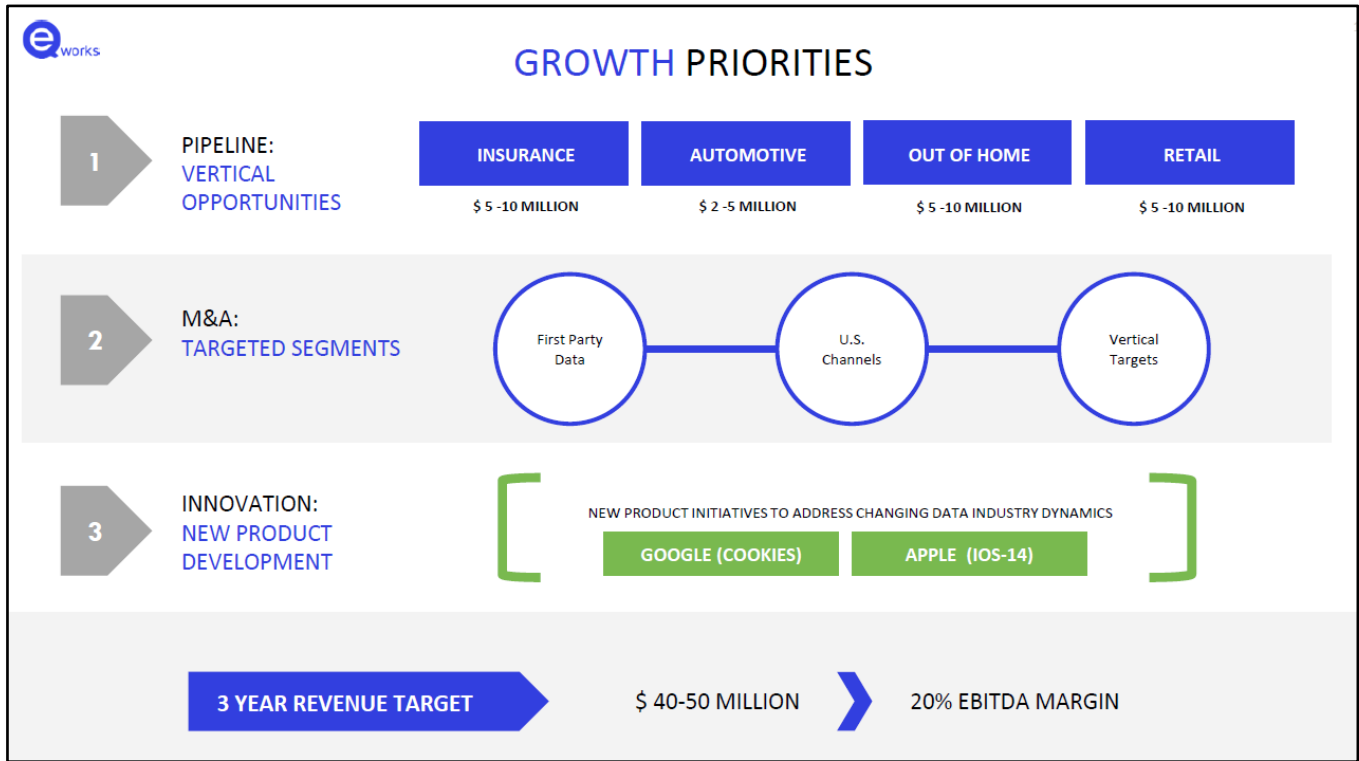
In March, **EQ** launched ATOM NEXT, the first Canadian geospatial cohort-based audience platform. ATOM NEXT will enable marketers to reach their target audiences using information derived from over a petabyte of Canadian consumer geospatial data from **EQ's** data platform (LOCUS).

Subsequent Events After March 31

In June, **EQ** reported that it signed a Data services contract with one of Canada's largest integrated media companies that remained unnamed. The engagement will span across multiple print, online and mobile platforms, and utilize the Company's LOCUS solution for audience analysis, attribution reporting, customer classifications, and enriching existing data sets.

This week, the Company announced that it signed a one-year, \$1.8 million agreement with an unnamed Media Agency for services and fees related to platform licensing, data usage, insights, analytics, predictive modelling, and execution.

Figure 5: EQ Growth Priorities



Source: Company Presentation (April 2021)

VALUATION

Due to a slower recovery from the impact of COVID-19, we are reducing our Q2/2021 revenue estimate to \$2.98 million from \$3.60 million and our 2021 revenue estimate to \$13.9 million from \$14.5 million, while maintaining our 2022 revenue estimate at \$23.2 million, and increasing 2023 revenue to \$34.8 million based on the Company's announcement of potential acquisitions.

Figure 6 highlights the revenue growth and gross margin assumptions we use in our model to reach our estimates.

Figure 6: Model Assumptions

METRIC	RATE				
	2020A	2021E	2022E	2023E	2024-2026E
Revenue Growth	16%	34%	66%	50%	25%
Gross Margins	45%	54%	56%	57%	~60%
EBITDA Margins	-	1.6%	13%	18%	20%+

Source: eResearch Corp.

For 2021 and beyond, we assume that there is the 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 MAGNA, the U.S. advertising market is expected to grow by US\$34 billion in 2021 to reach US\$259 billion. Canada ranked tenth in advertising expenditures and spends about 20 times less than the U.S. The deal with the U.S. publisher announced in November 2020 is a good indicator of the future potential in the U.S. market.

Target Price Calculation

Method 1: Discounted Cash Flow (see Figure 7)

We moved the model forward and maintained the Terminal EBITDA multiple in 2024 at 20x to keep it in-line with comparable companies (see Appendix C). Using a Weighted Average Cost of Capital (WACC) of 10%, the one-year target share price estimate is \$2.58.

Method 2: Revenue Multiple

We moved the model forward one quarter and maintained the revenue multiple at 9x to calculate a one-year forward Revenue estimate of \$20.1 million and a one-year target share price of \$2.78.

The equal-weighted price per share is \$2.66 and we are increasing our one-year price target to \$2.65.

We are maintaining a Buy rating and increasing the one-year price target to \$2.65.

Figure 7: Target Price (1 Year) Calculation

			TARGET
Method 1: DCF	WACC:10%	Terminal Multiple:20x EBITDA	\$2.54
Method 2: Revenue Multiple	9.0x	1 Year Fwd Revenue (Est.): \$20.1M	\$2.78
Equal-Weighted Target Price (1 year)			\$2.66

Source: eResearch Corp.

Figure 8: DCF Analysis

EQ Inc. FYE (December 31) DCF Analysis (C\$)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenue (\$)	9.0	10.4	13.9	23.2	34.8	43.5	54.3
Revenue Growth	52.8%	16.2%	33.7%	66.4%	50.0%	25.0%	25.0%
EBITDA (\$)	(0.6)	(1.9)	(0.3)	3.0	6.3	8.7	12.5
EBITDA Growth	n/a	n/a	n/a	n/a	107.7%	38.9%	43.8%
EBITDA Margin	-7.2%	-18.6%	-2.4%	13.0%	18.0%	20.0%	23.0%
Depreciation and Amortization	0.2	0.4	0.2	0.1	0.0	0.0	0.0
EBIT (\$)	(0.8)	(2.3)	(0.5)	2.9	6.2	8.6	12.4
NOPAT	(1.0)	(3.0)	(1.2)	1.9	4.5	6.4	9.5
Plus Amortization (\$)	0.2	0.4	0.2	0.1	0.0	0.0	0.0
Less Capital Expenditures (\$)	(0.4)	(0.6)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Capital Intensity	4.5%	6.2%	1.4%	0.2%	0.1%	0.1%	0.1%
Net Working Capital Changes	(0.4)	(1.5)	(2.5)	(1.5)	(3.0)	(2.2)	(2.8)
EPS (Continuing)	(0.04)	(0.05)	(0.02)	0.02	0.06	0.08	0.12
Unlevered Free Cash Flow (\$)	(1.6)	(4.8)	(3.6)	0.5	1.5	4.2	6.7
PV of Unlevered FCFs (\$)	(1.9)	(5.0)	(3.5)	0.4	1.2	3.0	4.3
Valuation Assumptions:							
Discount Rate	10.0%						
Terminal Multiple	20.0x						
Valuation Analysis:							
	Current	1-Yr Target	2-Yr Target				
Total PV of FCFs (\$M)	0.5	6.0	10.8				
Terminal Value (\$M)	249.9	249.9	249.9				
PV of Terminal Value (\$M)	162.1	178.3	196.2				
Net (debt) cash position	0.3	10.9	12.4				
Total Value (\$M)	162.9	195.2	219.4				
DCF Value/Share (C\$)	C\$2.12	C\$2.54	C\$2.86				
DCF Value/Share (US\$)	US\$1.70	US\$2.04	US\$2.29				
FD Shares O/S (M)*	76.7	76.7	76.7				
*Includes \$10 million financing in 2022 for Acquisitions							

Source: Company Reports; eResearch Corp.

Figure 9: Sensitivity Chart – Discount Rate and Terminal EV/EBITDA Multiple

	Terminal EV/EBITDA Multiplier							
	17.00	18.00	19.00	20.00	21.00	22.00	23.00	
Discount Rate	6.0%	2.49	2.62	2.75	2.89	3.02	3.15	3.28
	8.0%	2.34	2.46	2.58	2.71	2.83	2.96	3.08
	10.0%	2.20	2.31	2.43	2.54	2.66	2.78	2.89
	12.0%	2.07	2.18	2.28	2.39	2.50	2.61	2.72
	14.0%	1.95	2.05	2.15	2.25	2.36	2.46	2.56
	16.0%	1.84	1.93	2.03	2.13	2.22	2.32	2.42

Source: Company Reports; eResearch Corp.

Appendix A: Investment Thesis – Why Invest in EQ

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 Best Location-Based Platform category 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.

Dominant Player in Canada with Room to Grow in the U.S. Market

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 MAGNA, the U.S. advertising market is expected to grow by US\$34 billion in 2021 to reach US\$259 billion. **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.

Appendix B: Financial Statements

Figure 10: Income Statement

EQ Inc. Income Statement - FYE (December 31)	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E	2023E
Total Revenue	8,965	10,421	1,755	2,975	4,200	5,000	13,930	23,177	34,765
Total Cost of Sales	5,015	5,698	937	1,339	1,890	2,250	6,416	10,198	14,949
Gross Profit	3,950	4,723	818	1,636	2,310	2,750	7,514	12,979	19,816
General and Administrative	3,026	3,944	938	1,131	1,596	1,900	5,565	6,953	9,387
Other operating costs	1,726	2,061	458	446	630	750	2,284	3,013	4,172
Stock Based Compensation	-	678	236	110	155	185	686	858	1,286
Depreciation of Property & Equipment	130	141	35	10	32	25	101	32	2
Total Operating Expenses	4,926	7,707	1,725	1,708	2,425	2,872	8,730	10,903	14,894
Operating Income	(976)	(2,984)	(907)	(72)	(115)	(122)	(1,216)	2,076	4,922
Total Other Income	(938)	(443)	(59)	(4)	4	(5)	(65)	(18)	(14)
EBT	(1,914)	(3,427)	(966)	(76)	(111)	(127)	(1,280)	2,058	4,908
Income Taxes	-	-	-	8	11	13	31	(206)	(491)
Net Income (Loss)	(1,914)	(3,427)	(966)	(69)	(100)	(114)	(1,249)	1,852	4,417
EPS									
Basic EPS	(0.04)	(0.06)	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)	0.03	0.06
Diluted EPS	(0.04)	(0.05)	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)	0.02	0.06
Shares Outstanding									
Shares Outstanding, Basic	48,331	58,912	63,873	68,208	68,208	68,208	68,208	73,208	73,208
Shares Outstanding, Diluted	48,331	63,189	63,873	72,432	72,432	72,432	72,432	77,432	77,432

Source: Company Reports; eResearch Corp.

Figure 11: Balance Sheet

EQ Inc. Balance Sheet - FYE (December 31)	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E	2023E
Current Assets									
Cash	3,691	3,209	13,350	11,878	10,956	10,373	10,373	11,638	14,354
Account Receivables	2,060	4,572	2,639	3,258	4,600	5,476	5,476	6,987	10,481
Investment Tax Credits Receivable	0	0	0	161	227	270	270	337	494
Prepaid Expenses & Other Assets	197	197	213	147	210	248	248	260	357
Total Current Assets	5,948	7,978	16,202	15,444	15,992	16,366	16,366	19,222	25,686
Non-Current Assets									
Property and Equipment	102	102	89	83	55	32	32	2	0
Intangible Assets	537	1,096	1,188	1,188	1,188	1,188	1,188	1,188	1,188
Goodwill	535	732	732	732	732	732	732	732	732
Other	146	76	58	58	58	58	58	10,058	10,058
Total Assets	7,268	9,984	18,269	17,505	18,025	18,376	18,376	31,202	37,664
Current Liabilities									
Accounts Payables	1,705	2,908	1,747	1,007	1,437	1,694	1,694	1,776	2,445
Lease Liability	70	132	156	92	130	155	155	198	297
Short-Term Debt	0	1,989	0	10	18	25	25	47	58
Total Current Liabilities	2,055	5,337	2,192	1,398	1,874	2,164	2,164	2,310	3,089
Non-Current Liabilities									
Term Loan	1,603	80	120	108	97	87	87	57	38
Provision/Loan Payable/Benefits Payable	0	0	0	0	0	0	0	0	0
Total Liabilities	3,746	5,435	2,312	1,506	1,971	2,251	2,251	2,367	3,126
Shareholders Equity									
Capital Stock	3,522	4,549	15,957	15,957	15,957	15,957	15,957	25,957	25,957
Contributed Surplus	0	0	0	110	265	450	450	1,308	2,594
Deficit	-	-	-	(69)	(169)	(283)	(283)	1,569	5,987
Total Shareholders Equity	3,522	4,549	15,957	15,998	16,054	16,124	16,124	28,834	34,538
Total Liabilities & Shareholders Equity	7,268	9,984	18,269	17,505	18,025	18,376	18,376	31,202	37,664

Source: Company Reports; eResearch Corp.

Figure 12: Cash Flow Statement

EQ Inc. Cash Flow Statement - FYE (December 31)	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E	2023E
Cash Provided By Operating Activities									
Net Income (Loss)	(1,914)	(3,427)	(966)	(69)	(100)	(114)	(1,249)	1,852	4,417
Amortization of Intangibles	44	228	58	12	12	12	94	48	48
Depreciation of Property & Equipment	130	141	35	10	32	25	101	32	2
Stock Based Compensation Expense	155	678	236	110	155	185	686	858	1,286
Changes in Non-Cash Working Capital									
Account & Other Receivables	107	(2,512)	1,933	(619)	(1,342)	(876)	(904)	(1,512)	(3,494)
Investment/Income Tax Credits	-	-	-	(161)	(66)	(43)	(270)	(67)	(157)
Prepaid Expenses & Other Current Assets	(73)	-	(16)	66	(63)	(38)	(51)	(12)	(98)
Accounts Payable & Other Payables	(127)	1,096	(1,161)	(740)	429	258	(1,214)	82	668
Deferred (Unbilled) Revenue	(324)	(76)	-	(64)	38	25	(1)	43	99
Total Cash Provided By Operating Activities	(1,044)	(2,745)	157	(1,455)	(904)	(567)	(2,769)	1,324	2,772
Investing Activities									
Purchase of Property & Equipment	(30)	(68)	(4)	(4)	(3)	(2)	(13)	(2)	(0)
Purchase of Intangibles	(375)	(575)	(150)	(12)	(12)	(12)	(186)	(48)	(48)
Business Acquisition	169	(941)	-	-	-	-	-	(10,000)	-
Redemption of Short-Term Investments & Restricted Cash	(744)	-	-	-	-	-	-	-	-
Total Cash From Investing Activities	(978)	(1,576)	(150)	(15)	(15)	(14)	(195)	(10,050)	(48)
Financing Activities									
Proceeds from Loan	183	80	40	-	-	-	40	-	-
Operating Line (Repayment)	-	-	(293)	-	-	-	(293)	-	-
Repayment of Loan	(430)	(21)	(1,740)	(2)	(2)	(2)	(1,747)	(9)	(8)
Issue/Repurchase of Equity	5,112	-	10,746	-	-	-	10,746	10,000	-
Proceeds from exercise of Stock Options and Warrants	283	3,776	1,392	-	-	-	1,392	-	-
Total Cash From Financing Activities	5,148	3,835	10,145	(2)	(2)	(2)	10,138	9,991	(8)
Effect of Exchange Rates on Cash	(19)	4	(11)	-	-	-	(11)	-	-
Net Increase in Cash	3,107	(482)	10,141	(1,472)	(922)	(583)	7,164	1,265	2,716
Beginning Cash	584	3,691	3,209	13,350	11,878	10,956	3,209	10,373	11,638
Ending Cash	3,691	3,209	13,350	11,878	10,956	10,373	10,373	11,638	14,354

Source: Company Reports; eResearch Corp

Appendix C: AdTech & Business Intelligence Comparables

Figure 13: U.S. and Canadian Comparables

Name	Jun 17 Close (US\$)	Mkt Cap (US\$ M)	EV (US\$ M)	REVENUE (US\$ M)			EBITDA (US\$ M)			EV/Revenue			EV/EBITDA		
				2019A	2020A	2021E	2019A	2020A	2021E	2019A	2020A	2021E	2019A	2020A	2021E
US Comps - Large Cap															
Accenture plc	\$284.77	\$181,013	\$175,852	\$43,968	\$44,413	\$49,067	\$7,068.9	\$8,291	\$9,566	4.0x	4.0x	3.6x	24.9x	21.2x	18.4x
Adobe Inc.	\$551.36	\$264,281	\$263,220	\$11,171	\$12,808	\$15,688	\$3,854.0	\$6,177	\$7,966	23.6x	20.6x	16.8x	68.3x	42.6x	33.0x
Alphabet Inc.	\$2,434.87	\$1,631,762	\$1,524,905	\$161,857	\$178,699	\$236,006	\$48,133.0	\$63,632	\$92,130	9.4x	8.5x	6.5x	31.7x	24.0x	16.6x
Facebook, Inc.	\$336.51	\$954,162	\$902,084	\$70,697	\$84,258	\$115,396	\$34,727.0	\$44,147	\$61,072	12.8x	10.7x	7.8x	26.0x	20.4x	14.8x
LiveRamp Holdings, Inc.	\$42.45	\$2,904	\$2,338	\$353	\$384	\$440	-\$165.6	\$0	\$10	6.6x	6.1x	5.3x		8322.1x	224.2x
The Trade Desk, Inc.	\$62.14	\$27,073	\$26,676	\$661	\$809	\$1,142	\$128.4	\$250	\$402	40.4x	33.0x	23.4x	207.8x	106.9x	66.3x
Verizon Communications Inc.	\$56.53	\$234,038	\$405,988	\$131,868	\$128,188	\$133,836	\$48,203.0	\$46,786	\$48,666	3.1x	3.2x	3.0x	8.4x	8.7x	8.3x
US Comps - Mid Cap															
Criteo S.A.	\$39.25	\$2,384	\$1,989	\$2,262	\$800	\$877	\$247.1	\$232	\$275	0.9x	2.5x	2.3x	8.0x	8.6x	7.2x
Digital Turbine, Inc.	\$70.02	\$6,534	\$6,523	\$127	\$138	\$311	\$12.9	\$54	\$152	51.5x	47.3x	21.0x	504.5x	120.3x	42.8x
Fluent, Inc.	\$2.92	\$228	\$255	\$282	\$310	\$302	\$24.2	\$41	\$25	0.9x	0.8x	0.8x	10.6x	6.3x	10.2x
Marchex, Inc.	\$2.85	\$115	\$96	\$54	\$88	\$53	-\$6.3	-\$10	-\$8	1.8x	1.1x	1.8x			
QuinStreet, Inc.	\$18.37	\$985	\$897	\$483	\$480	\$570	\$22.6	\$38	\$54	1.9x	1.9x	1.6x	39.7x	23.3x	16.8x
Magnite, Inc.	\$31.63	\$4,076	\$4,036	\$156	\$224	\$395	-\$0.9	\$39	\$113	25.8x	18.0x	10.2x		102.4x	35.8x
TechTarget, Inc.	\$71.44	\$2,011	\$2,141	\$134	\$145	\$243	\$27.7	\$49	\$83	16.0x	14.8x	8.8x	77.2x	43.6x	25.7x
US Comps - Small Cap															
Harte Hanks, Inc.	\$6.55	\$44	\$79	\$218	\$174	\$170	-\$10.2	\$4	\$0	0.4x	0.5x	0.5x		21.3x	
Inuvo, Inc.	\$0.81	\$96	\$94	\$62	\$44	\$56	-\$4.2	-\$3	-\$1	1.5x	2.1x	1.7x			
Marin Software Incorporated	\$1.60	\$18	\$12	\$49	\$0	\$0	-\$13.7	\$0	\$0	0.3x					
Mobiquity Technologies, Inc.	\$6.75	\$0	\$9	\$10	\$0	\$0	-\$35.1	\$0	\$0	1.0x					
SRAX, Inc.	\$5.51	\$128	\$112	\$4	\$9	\$28	-\$17.6	-\$8	\$1	31.3x	13.0x	4.1x			133.2x
Mean										4.3x	6.2x	5.0x	9.0x	7.8x	13.2x
Median										4.0x	6.1x	4.1x	31.7x	23.6x	22.0x

Name	Jun 17 Close (C\$)	Mkt Cap (C\$ M)	EV (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
				2019A	2020A	2021E	2019A	2020A	2021E	2019A	2020A	2021E	2019A	2020A	2021E
EQ Inc.	\$1.43	\$98	\$85	\$9.0	\$10.4	\$13.9	-\$0.6	-\$1.9	\$0.8	9.4x	8.1x	6.1x			105.7x
Canadian Comps															
AcuityAds Holdings Inc.	\$11.70	\$706.4	\$694.2	\$119.1	\$104.2	\$134.3	\$1.5	\$14.1	\$22.9	5.8x	6.7x	5.2x	448.5x	49.3x	30.3x
Adcore Inc.	\$1.29	\$81.5	\$72.7	\$11.3	\$0.0	\$0.0	\$3.5	\$0.0	\$0.0	6.4x			20.8x		
Aquarius AI Inc.	\$0.12	\$5.9	\$4.7	\$8.4	\$0.0	\$0.0	-\$16.9	\$0.0	\$0.0	0.6x					
Engagement Labs Inc.	\$0.03	\$5.9	\$5.9	\$4.1	\$0.0	\$0.0	-\$2.9	\$0.0	\$0.0	1.5x					
Killi Ltd.	\$0.31	\$20.9	\$16.1	\$0.0	\$0.0	\$0.0	-\$4.8	\$0.0	\$0.0	579.1x					
Fobi Ai Inc.	\$1.38	\$176.6	\$174.7	\$0.0	\$0.0	\$0.0	-\$6.4	\$0.0	\$0.0						
YANGAROO Inc.	\$0.24	\$14.2	\$12.1	\$7.4	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	1.6x			211.0x		
Yellow Pages Limited	\$14.26	\$396.2	\$379.2	\$403.2	\$334.7	\$282.6	\$130.0	\$129.5	\$103.4	0.9x	1.1x	1.3x	2.9x	2.9x	3.7x
Zoomd Technologies Ltd.	\$0.29	\$27.5	\$26.7	\$27.1	\$0.0	\$0.0	-\$1.2	\$0.0	\$0.0	1.0x					
Mean										2.5x	3.9x	3.3x	2.9x	2.9x	3.7x
Median										1.5x	3.9x	3.3x	115.9x	26.1x	17.0x

Source: S&P Capital IQ; eResearch Corp.

Appendix D: eResearch Disclosure

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