

### REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$2.00	\$2.65
Revenue F2021E (M)	\$12.1	\$13.1
Adj. EBITDA F2021E (M)	-\$3.3	-\$0.9
Adj. EPS F2021 (M)	-\$0.09	-\$0.03

### MARKET DATA

Date:	May 9, 2022
Current Price (C\$):	\$1.25
Target Price (C\$):	\$2.00
52-Week Range:	\$1.10 / \$1.62
Shares O/S (M):	69.4
Mkt Cap (C\$M):	\$86.8
EV (C\$M):	\$78.9
Avg. Weekly Vol. (M):	0.01

Website: [www.eqworks.com](http://www.eqworks.com)

### FINANCIALS

	F2020A	F2021A	F2022E
Revenue (\$M)	\$10.4	\$12.1	\$16.5
EBITDA (\$M)	-\$1.3	-\$3.3	-\$0.6
EPS	-\$0.05	-\$0.09	-\$0.02
Cash (\$M)	\$3.2	\$8.8	\$4.3
Current Assets (\$M)	\$8.0	\$13.8	\$10.3
Net Cash (\$M)	\$1.1	\$8.7	\$4.2
Total Assets (\$M)	\$10.0	\$19.1	\$25.5
Debt (\$M)	\$2.1	\$0.1	\$0.1
Total Liabilities (\$M)	\$5.4	\$7.6	\$4.7

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)

**Quarterly Results Highest in Over a Decade with Revenue Up 36% Q/Q and Data Business Up 29% Y/Y**

### 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:

- Quarterly Revenue Up 36% Q/Q and 16% Y/Y**
  - EQ** recorded its highest quarterly revenue since 2010, with \$4.2 million booked in Q4/2021, up 36% Q/Q and 16% Y/Y, but below our estimate of \$5.0 million due to the negative effects caused by the COVID-19 pandemic, which impacted the retail operations of various businesses.
- Data Business Continues to Grow**
  - Overall revenue increased 16% Y/Y to \$12.1 million in 2021, compared to \$10.4 million in the prior year.
  - The revenue increase was powered by the continued traction in the data business, which improved 11% Q/Q and 18% Y/Y in Q4/2021. For 2021, data business revenue jumped 29% Y/Y.
- Sales & Partnership Announcements Support Sales Growth**
  - In February, **EQ** announced \$6.0 million of new client engagements for data-driven marketing projects that surpassed the data-driven marketing projects in 2020 by 50%.
  - In addition to the recent client wins, **EQ** also launched LOCUS Commute to help insurance providers, retailers, and digital out-of-home networks (e.g., digital billboards) to better understand the movement behaviour of customers.

### Financial Analysis & Valuation:

- Due to a slower recovery from the impact of COVID-19, we are reducing our 2022 revenue estimate to \$16.5 million from \$22.2 million, decreasing our 2023 revenue estimate to \$21.5 million from \$33.3 million, and also decreasing our 2024 revenue estimate to \$30.0 million from \$41.6 million.
- We estimate an equal-weighted price target of \$2.00 based on a DCF valuation (\$2.44/share) and Revenue Multiple valuation (\$1.62/share).
- We are maintaining our Buy rating and reducing our one-year price target to \$2.00 from \$2.65.**

*All figures in CAD unless otherwise stated.*

**eResearch Corporation**

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## Review of Q4/2021 and 2021 Financials

### Revenue:

- **EQ** recorded its highest quarterly revenue since 2010, with \$4.2 million booked in Q4/2021, up 36% Q/Q and 16% Y/Y, but below our estimate of \$5.0 million due to the negative effects caused by the COVID-19 pandemic, which impacted the retail operations of various businesses ([Figure 1](#)).
- However, even with the challenging retail environment, the Company recorded a 16% Y/Y jump in revenues to \$12.1 million in 2021 compared to \$10.4 million in the prior year.
- The revenue increase was powered by the continued traction in the data business, which increased 11% Q/Q and 18% Y/Y in Q4/2021. For 2021, data business revenue jumped 29% Y/Y.
- In addition to the client wins listed in the news section below, **EQ** also launched LOCUS Commute to help insurance providers, retailers, and digital out-of-home networks (e.g., digital billboards) to better understand the movement behaviour of customers.
- The Company's revenue also increased due to the reopening of businesses after the pandemic, driven by an increased number of vaccinations and additional advertisement spending to attract customers.
- Note that the recent **Paymi** acquisition only generated \$0.2 million in revenue in 2021. **Paymi** is a consumer-facing application (a downloadable app for iOS and Android) that uses card linking technology. **Paymi** was acquired by **EQ** in July 2021 and the Company continues to invest in developing the product.



Figure 1: Financial Summary

(C\$) ('000)	2019A	Q420A	2020A	Q121A	Q221A	Q321A	Q421A	Q421E	DIFF	2021E
Total Revenue	\$8,965	\$3,646	\$10,421	\$1,755	\$3,009	\$3,104	\$4,218	\$5,000	-16%	\$12,086
Total Operating Expenses	\$4,926	\$2,897	\$7,707	\$1,725	\$1,923	\$2,778	\$3,122	\$2,871	9%	\$9,548
Operating Income	(\$976)	(\$1,161)	(\$2,984)	(\$907)	(\$661)	(\$1,582)	(\$1,421)	(\$121)	(\$1,300)	(\$4,571)
Adj. EBITDA	(\$647)	(\$127)	(\$1,282)	(\$578)	(\$453)	(\$1,144)	(\$1,167)	\$100	(\$1,267)	(\$3,342)
Diluted EPS	(\$0.04)	(\$0.02)	(\$0.05)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.04)	(\$0.00)	(\$0.04)	(\$0.09)
Cash	\$3,691	\$3,209	\$3,209	\$13,350	\$12,699	\$9,809	\$8,763	\$6,575		\$8,763
Debt	\$1,603	\$2,069	\$2,069	\$120	\$120	\$120	\$77	\$118		\$77

Source: Company Reports; eResearch Corp.

### Revenue Guidance:

- On top of **EQ's** strong 2021 performance, the Company also invested in its consumer-facing application (**Paymi**), zero-party data assets, propriety technology products, and the recruitment of data scientists, sales executives, and marketing personnel.
- **Paymi's** acquisition adds a new revenue stream and facilitates expansion into multiple new customer verticals. The propriety technology platform accumulates first-party data (100% consent based) and should enhance the Company's LOCUS (analytics and AI framework) platform with proprietary zero-party data.



- **EQ** reportedly has seen significant traction and interest from clients across multiple verticals. Furthermore, the Company expects to launch several proprietary Software-as-a-Service (SaaS) products that could generate additional revenue growth during the second half of 2022 and into 2023.
- **EQ** recently issued news releases to support its revenue guidance including:
  - In February, **EQ** announced \$6.0 million of new client engagements for data-driven marketing projects that surpassed the data-driven marketing projects in 2020 by 50%;
  - In November 2021, the Company announced that it extended a multi-year engagement with a leading Canadian university with a contract valued at up to \$5.5 million;
  - Also in November 2021, **EQ** signed a major Canadian financial institution to a one-year, \$0.5 million geospatial data contract to deliver data services and media activation to drive customer acquisition for the bank over the next year.

### Gross Margin

- **EQ's** Publishing Costs primarily include payments to advertising exchanges and publishers, paid search traffic costs, and other direct costs associated with generating revenue.
- Publishing Costs increased to \$2.5 million in Q4/2021, from \$1.9 million in the previous quarter and \$1.9 million in Q4/2020.
- For 2021, the Company's Publishing Costs were \$7.1 million, which was 59% of the total revenue, compared to \$5.7 million in 2020, which was 55% of revenue.
- Gross Margin in the quarter fell year-over-year to 40.3% from 47.6% in Q4/2020; we attributed the lower Gross Margin to a higher percentage of Advertising Services that have a lower margin.
- For 2021, the Company reported Gross Profit of \$5.0 million, with an overall margin of 41.2%. For 2020, Gross Profit was \$4.7 million with a margin of 45.3%. Gross margin contracted over 4% Y/Y in 2021 despite the Company's cost reduction efforts in the traditional advertising services provided.

Figure 2: Revenue Segmentation Chart

	Dec 31/19 2019A	Dec 31/20 2020A	Mar 31/21 Q1/21A	Jun 30/21 Q2/21A	Sep 30/21 Q1/21A	Dec 31/21 Q2/21A	Dec 31/21 2021A	
<b>Geographical</b>								
Canada	\$7,513	\$9,919	\$1,723	\$2,970	\$3,074	\$4,202	\$11,969	99.0%
United States	\$1,445	\$502	\$32	\$39	\$30	\$16	\$117	1.0%
Outside of North America	\$7	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total ('000)</b>	<b>\$8,965</b>	<b>\$10,421</b>	<b>\$1,755</b>	<b>\$3,009</b>	<b>\$3,104</b>	<b>\$4,218</b>	<b>\$12,086</b>	<b>100.0%</b>
<b>Revenue Streams</b>								
Advertising Services	\$7,518	\$7,596	\$1,275	\$2,210	\$2,184	\$3,064	\$8,733	72.3%
Fixed Fee Data Sales	1,308 *	2,546 *	480 *	\$799	\$920	1,083 *	3,282 *	27.2%
CPM Data Sales	N/A	N/A	\$0	\$0	\$0	\$71	\$71	0.6%
Other Services	\$139	\$279	\$0	\$0	\$0	\$0	\$0	
<b>Total ('000)</b>	<b>\$8,965</b>	<b>\$10,421</b>	<b>\$1,755</b>	<b>\$3,009</b>	<b>\$3,104</b>	<b>\$4,218</b>	<b>\$12,086</b>	<b>100%</b>
<b>Customer Concentration</b>								
Top Customer 1	27%	23%	24%	29%	29%	n/a	29%	
Top Customer 2	13%	14%	21%	17%	17%	n/a	18%	
Top Customer 3	11%		10%	15%	12%	n/a		
<b>Total</b>	<b>51%</b>	<b>37%</b>	<b>55%</b>	<b>61%</b>	<b>58%</b>	<b>0%</b>	<b>47%</b>	

\*Includes CPM

Source: Company Reports; eResearch Corp.

**SG&A**

- **EQ's** other operating costs primarily consist of office and administration expenses. For 2021, other operating costs of the Company were \$3.7 million, an increase of 79% from 2020 costs of \$2.1 million.
- The operating costs rose due to the Company's growth in data services as well as the **Paymi** acquisition that added expenses to launch the new division.

**Net Income**

- **EQ** recorded a net loss of \$2.6 million in Q4/2021, a decrease of \$1.4 million Y/Y, compared to a \$1.2 million loss in the prior-year period and a net loss of \$1.7 million in Q3/2021. For 2021, the Company recorded a net loss of \$6.0 million, a decrease of \$2.6 million Y/Y, compared to a loss of \$3.4 million in 2020.
- The loss was primarily attributable to an additional \$1.3 million contingent consideration that was related to the disputed remaining earn-out payment for Tapped Mobile and an increase in employee compensation and other operating costs pertaining to the acquisition of **Paymi** as the company hired a significant number of employees and incurred other costs to launch the new division.

**Adjusted EBITDA**

- The Company recorded an Adjusted EBITDA loss of \$1.17 million in Q4/2021, a decrease of \$1.04 million Y/Y, compared to an Adjusted EBITDA loss of \$0.13 million in Q4/2020.
- For 2021, the Adjusted EBITDA loss was \$3.3 million, a decrease of \$2.1 million Y/Y, compared to an Adjusted EBITDA loss of \$1.3 million in the prior year. The decrease was primarily related to increases in employee compensation and other operating costs.

**Additional Contingent Considerations**

- During Q4/2021 and 2021, additional contingent considerations presented a liability of \$1.2 million, which were related to the acquisition agreement with **Tapped Mobile** in 2018. The amount was provided for a total contingent consideration payment of up to \$2.8 million based on the achievement of specific targets. Accruals for this earn-out amount were calculated using the expected future financial performance of the business.
- However, the final amount paid out in 2020 was disputed in 2021 by **Tapped Mobile's** former shareholders. The Ontario Superior Court ruled that **EQ** was to pay out the entire amount for the second year; therefore, the amount has been added back to the financial statements though the Company has appealed the decision.

**Cash and Working Capital**

- As of December 31, 2021, **EQ** had \$8.8 million in cash compared to \$3.2 million as of December 31, 2020, due to the successful \$11.5 million financing that closed in Q1/2021.
- As of December 31, 2021, **EQ** had working capital of \$6.3 million compared to \$2.6 million as of December 31, 2020.

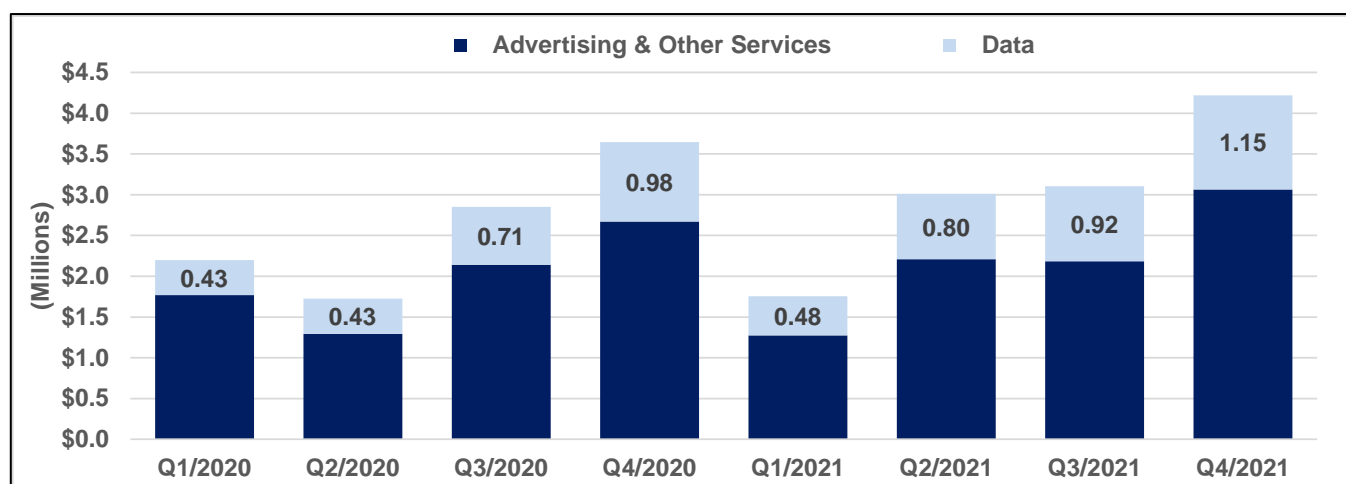
### Segment Data

In Q4/2021, **EQ** generated \$4.2 million or 99.6% of its revenue from clients in Canada, up from 96.3% in Q4/2020, with the U.S. generating only 0.4% of revenue in the current quarter ([Figure 2](#)).

There is some customer concentration risk as the top two customers comprised 47% of **EQ's** revenue in 2021 compared with only 37% in 2020, but we believe the customer concentration rate could be lowered once customer spending recovers.

**EQ** reports revenue streams by Advertising Services & Other Services (including CPM Data Sales) and Fixed Fee Data Sales. In Q4/2021, the Advertising Services stream comprised 72.3% of revenue, higher than the 67.3% reported in 2020. As Fixed Fee Data revenue increases quarter-over-quarter and year-over-year, the Company continues to believe that this segment will become a larger percentage of overall revenue ([Figure 3](#)).

**Figure 3: Quarterly Revenue by Segment**



Source: Company Reports; eResearch Corp.

## VALUATION

Due to a slower recovery from the impact of COVID-19 in the Canadian Retail and Business environments, we are reducing our 2022 revenue estimate to \$16.5 million from \$22.2 million, decreasing our 2023 revenue estimate to \$21.5 million from \$33.3 million, and also decreasing our 2024 revenue estimate to \$30.0 million from \$41.6 million.

[Figure 4](#) highlights the revenue growth and gross margin assumptions we use in our model to reach our stock price target estimate.

**Figure 4: Model Assumptions**

METRIC	RATE			
	2021A	2022E	2023E	2024E-2027E
Revenue Growth	16%	37%	30%	40-15%
Gross Margins	41%	44%	46%	48-56%
EBITDA Margins	-28%	-3%	5%	13-31%

Source: eResearch Corp.

For the balance of 2022 and future years, 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, is expected to grow by 13% in 2022 and reach over US\$320 billion. Canada ranked tenth in advertising expenditures and spent approximately 25 times less than the U.S. did in 2021.

## Target Price Calculation

### Method 1: Discounted Cash Flow ([see Figure 6](#))

We moved the model forward one quarter and lowered the Terminal EBITDA multiple in 2027 to 16x from 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 \$2.44.

### Method 2: Revenue Multiple ([see Figure 5](#))

We moved the model forward one quarter to calculate a one-year forward Revenue estimate of \$16.5 million and lowered the revenue multiple to 6.0x from 9.0x to keep it in-line with comparable companies and calculated a one-year target share price of \$1.62.

**The equal-weighted price per share is \$2.03 and we are lowering our one-year price target to \$2.00 from \$2.65.**

We are maintaining our Buy rating and lowering our one-year price target to \$2.00.



Figure 5: Target Price (1 Year) Calculation

			TARGET
Method 1: DCF (5-year)	WACC:10%	Terminal Multiple:16x EBITDA	\$2.44
Method 2: Revenue Multiple	6.0x	1 Year Fwd Revenue (Est.): \$16.5M	\$1.62
Equal-Weighted Valuation (1 year)			\$2.03
Target Price (1 year)			\$2.00

Source: eResearch Corp.

Figure 6: DCF Analysis

EQ Inc. FYE (December 31)								
DCF Analysis (C\$)	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E
Revenue (\$)	10.4	12.1	16.5	21.5	30.0	37.5	45.0	51.8
Revenue Growth	16.2%	16.0%	36.5%	30.0%	40.0%	25.0%	20.0%	15.0%
EBITDA (\$)	(1.9)	(3.3)	(0.6)	1.0	3.8	7.1	13.1	16.1
EBITDA Growth	n/a	n/a	n/a	281.5%	272.6%	90.0%	83.2%	22.9%
EBITDA Margin	-18.6%	-27.7%	-3.4%	4.7%	12.5%	19.0%	29.0%	31.0%
Depreciation and Amortization	0.4	0.6	0.1	0.1	0.1	0.1	0.1	0.1
EBIT (\$)	(2.3)	(3.9)	(0.7)	0.9	3.6	7.0	13.0	16.0
NOPAT	(3.0)	(4.6)	(1.5)	0.0	2.4	5.5	11.2	13.9
Plus Amortization (\$)	0.4	0.6	0.1	0.1	0.1	0.1	0.1	0.1
Less Capital Expenditures (\$)	(0.6)	(0.8)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital Intensity	6.2%	6.4%	0.6%	0.5%	0.3%	0.3%	0.2%	0.2%
Net Working Capital Changes	(1.5)	0.2	(3.9)	(1.5)	(2.4)	(2.2)	(2.6)	(1.9)
EPS (Continuing)	(0.05)	(0.09)	(0.02)	0.00	0.03	0.08	0.16	0.19
Unlevered Free Cash Flow (\$)	(4.8)	(4.5)	(5.3)	(1.5)	0.0	3.4	8.6	12.0
PV of Unlevered FCFs (\$)	(5.4)	(4.7)	(5.0)	(1.3)	0.0	2.4	5.5	7.0

Valuation Assumptions:

Discount Rate10.0%

Terminal Multiple16.0x

Valuation Analysis:

	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	8.6	15.0	18.0
Terminal Value (\$M)	256.9	256.9	256.9
PV of Terminal Value (\$M)	150.0	165.0	181.5
Net (debt) cash position	6.4	5.1	5.1
Total Value (\$M)	164.9	185.0	204.6
DCF Value/Share (C\$)	C\$2.18	C\$2.44	C\$2.70
DCF Value/Share (US\$)	US\$1.70	US\$1.90	US\$2.10
FD Shares O/S (M)*	75.8	75.8	75.8

\*Includes \$10 million financing in 2022 for Acquisitions

Source: Company Reports; eResearch Corp.

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

		Terminal EV/EBITDA Multiplier						
		13.00	14.00	15.00	16.00	17.00	18.00	19.00
Discount Rate	6.0%	2.40	2.56	2.72	2.89	3.05	3.21	3.37
	8.0%	2.21	2.36	2.50	2.65	2.80	2.95	3.10
	10.0%	2.03	2.17	2.31	2.44	2.58	2.71	2.85
	12.0%	1.88	2.00	2.13	2.25	2.38	2.50	2.63
	14.0%	1.74	1.85	1.97	2.08	2.20	2.31	2.43
	16.0%	1.61	1.71	1.82	1.93	2.03	2.14	2.24

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.

In March 2022, **EQ** announced that it partnered with **Tapad Initiative**, a leading provider of global cross-device digital identity marketing technology, to create Canada's largest, privacy-forward device identity graph.

### Digital Advertising and Location-Based Data – Large and Growing Market

In 2020, **eMarketer** expected 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. By 2023, **eMarketer** expects that 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.

**In 2021, the U.S. accounted for 1% of revenue.** The U.S. is the largest ad market in the world (Canada is #10) and, according to MAGNA, 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 three years, **EQ** has completed three acquisitions: Tapped Networks, certain assets of Curate Mobile Ltd., including Juice Mobile, and, in July 2021, **Integrated Rewards Inc.** and its consumer-facing, marketing rewards application **Paymi.com.** 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 8: Income Statement

EQ Inc.												
Income Statement - FYE (December 31)	2020A	Q121A	Q221A	Q321A	Q421A	2021E	Q122E	Q222E	Q322E	Q422E	2022E	2023E
<b>Total Revenue</b>	10,421	1,755	3,009	3,104	4,218	12,086	3,000	4,000	4,500	5,000	16,500	21,450
<b>Total Cost of Sales</b>	5,698	937	1,747	1,908	2,517	7,109	1,680	2,240	2,520	2,800	9,240	11,583
<b>Gross Profit</b>	4,723	818	1,262	1,196	1,701	4,977	1,320	1,760	1,980	2,200	7,260	9,867
General and Administrative	3,944	938	1,022	1,301	1,368	4,629	1,380	1,400	1,440	1,450	5,670	6,286
Other Operating Costs	2,061	458	693	1,039	1,500	3,690	390	520	585	650	2,145	2,574
Stock Based Compensation	678	236	121	158	128	643	150	200	225	250	825	858
Depreciation of Property & Equipment	141	35	33	39	38	145	11	10	9	9	38	29
<b>Total Operating Expenses</b>	7,707	1,725	1,923	2,778	3,122	9,548	1,953	2,152	2,281	2,380	8,766	9,834
<b>Operating Income</b>	(2,984)	(907)	(661)	(1,582)	(1,421)	(4,571)	(633)	(392)	(301)	(180)	(1,506)	33
<b>Total Other Income</b>	(443)	(59)	(51)	(90)	(1,184)	(1,384)	19	1	0	(0)	19	(2)
<b>EBT</b>	(3,427)	(966)	(712)	(1,672)	(2,605)	(5,955)	(614)	(391)	(301)	(181)	(1,487)	31
<b>Income Taxes</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income (Loss)</b>	(3,427)	(966)	(712)	(1,672)	(2,605)	(5,955)	(614)	(391)	(301)	(181)	(1,487)	31
<b>EPS</b>												
Basic EPS	(0.06)	(0.02)	(0.01)	(0.02)	(0.04)	(0.09)	(0.01)	(0.01)	(0.00)	(0.00)	(0.02)	0.00
Diluted EPS	(0.05)	(0.02)	(0.01)	(0.02)	(0.04)	(0.09)	(0.01)	(0.01)	(0.00)	(0.00)	(0.02)	0.00
<b>Shares Outstanding</b>												
Shares Outstanding, Basic (Weighted)	58,912	63,873	68,222	68,299	67,266	67,266	67,266	67,266	72,266	72,266	72,266	72,266
Shares Outstanding, Diluted (Weighted)	63,189	63,873	68,222	68,299	67,266	67,266	67,266	67,266	72,266	72,266	72,266	72,266

Source: Company Reports; eResearch Corp.

Figure 9: Balance Sheet

EQ Inc. Balance Sheet - FYE (December 31)	2020A	Q121A	Q221A	Q321A	Q421A	2021E	Q122E	Q222E	Q322E	Q422E	2022E	2023E
<b>Current Assets</b>												
Cash	3,209	13,350	12,699	9,809	8,763	8,763	6,454	5,252	4,686	4,252	4,252	3,621
Account Receivables	4,572	2,639	3,525	4,192	4,687	4,687	3,285	4,381	4,928	5,476	5,476	7,118
Investment Tax Credits Receivable	0	0	0	0	0	0	202	269	302	336	336	421
Prepaid Expenses & Other Assets	197	213	158	243	388	388	171	191	203	213	213	239
<b>Total Current Assets</b>	<b>7,978</b>	<b>16,202</b>	<b>16,382</b>	<b>14,244</b>	<b>13,838</b>	<b>13,838</b>	<b>10,112</b>	<b>10,092</b>	<b>10,120</b>	<b>10,276</b>	<b>10,276</b>	<b>11,399</b>
<b>Non-Current Assets</b>												
Property and Equipment	102	89	90	117	101	101	94	88	83	77	77	60
Intangible Assets	1,096	1,188	1,284	2,525	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193
Goodwill	732	732	732	1,901	2,914	2,914	2,914	2,914	2,914	2,914	2,914	2,914
Other	76	58	41	23	6	6	10,006	10,006	10,006	10,006	10,006	10,006
<b>Total Assets</b>	<b>9,984</b>	<b>18,269</b>	<b>18,529</b>	<b>18,810</b>	<b>19,052</b>	<b>19,052</b>	<b>25,319</b>	<b>25,293</b>	<b>25,316</b>	<b>25,467</b>	<b>25,467</b>	<b>26,572</b>
<b>Current Liabilities</b>												
Accounts Payables	2,908	1,747	2,618	3,457	4,514	4,514	1,169	1,305	1,389	1,457	1,457	1,633
Lease Liability	132	156	161	166	16	16	93	124	140	155	155	202
Short-Term Debt	1,989	0	0	0	0	0	6	12	16	21	21	32
<b>Total Current Liabilities</b>	<b>5,337</b>	<b>2,192</b>	<b>3,032</b>	<b>4,819</b>	<b>7,531</b>	<b>7,531</b>	<b>4,270</b>	<b>4,442</b>	<b>4,546</b>	<b>4,634</b>	<b>4,634</b>	<b>4,868</b>
<b>Non-Current Liabilities</b>												
Term Loan	80	120	120	120	77	77	69	62	56	51	51	33
Provision/Loan Payable/Benefits Payable	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>5,435</b>	<b>2,312</b>	<b>3,152</b>	<b>4,939</b>	<b>7,608</b>	<b>7,608</b>	<b>4,339</b>	<b>4,504</b>	<b>4,602</b>	<b>4,684</b>	<b>4,684</b>	<b>4,901</b>
<b>Shareholders Equity</b>												
Capital Stock	4,549	15,957	15,377	13,871	11,444	11,444	21,444	21,444	21,444	21,444	21,444	21,444
Contributed Surplus	0	0	0	0	0	0	150	350	575	825	825	1,683
Deficit	-	-	-	-	-	-	(614)	(1,005)	(1,306)	(1,487)	(1,487)	(1,456)
<b>Total Shareholders Equity</b>	<b>4,549</b>	<b>15,957</b>	<b>15,377</b>	<b>13,871</b>	<b>11,444</b>	<b>11,444</b>	<b>20,980</b>	<b>20,789</b>	<b>20,713</b>	<b>20,782</b>	<b>20,782</b>	<b>21,671</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>9,984</b>	<b>18,269</b>	<b>18,529</b>	<b>18,810</b>	<b>19,052</b>	<b>19,052</b>	<b>25,319</b>	<b>25,293</b>	<b>25,316</b>	<b>25,467</b>	<b>25,467</b>	<b>26,572</b>

Source: Company Reports; eResearch Corp.

Figure 10: Cash Flow Statement

EQ Inc. Cash Flow Statement - FYE (December 31)	2020A	Q121A	Q221A	Q321A	Q421A	2021E	Q122E	Q222E	Q322E	Q422E	2022E	2023E
<b>Cash Provided By Operating Activities</b>												
Net Income (Loss)	(3,427)	(966)	(712)	(1,672)	(2,605)	(5,955)	(614)	(391)	(301)	(181)	(1,487)	31
Amortization of Intangibles	228	58	54	241	88	441	22	22	22	22	88	88
Depreciation of Property & Equipment	141	35	33	39	38	145	11	10	9	9	38	29
Stock Based Compensation Expense	678	236	121	158	128	643	150	200	225	250	825	858
<b>Changes in Non-Cash Working Capital</b>												
Account & Other Receivables	(2,512)	1,933	(886)	(667)	(495)	(115)	1,402	(1,095)	(548)	(548)	(789)	(1,643)
Investment/Income Tax Credits	-	-	-	-	-	-	(202)	(67)	(34)	(34)	(336)	(85)
Prepaid Expenses & Other Current Assets	-	(16)	(274)	776	(486)	-	217	(20)	(12)	(10)	175	(26)
Accounts Payable & Other Payables	1,096	(1,161)	1,142	(1,183)	1,313	111	(3,345)	136	84	68	(3,057)	176
Deferred (Unbilled) Revenue	(76)	-	-	-	442	442	77	31	16	16	139	47
<b>Total Cash Provided By Operating Activities</b>	<b>(2,745)</b>	<b>157</b>	<b>(438)</b>	<b>(2,210)</b>	<b>(599)</b>	<b>(3,090)</b>	<b>(2,282)</b>	<b>(1,174)</b>	<b>(539)</b>	<b>(408)</b>	<b>(4,403)</b>	<b>(526)</b>
<b>Investing Activities</b>												
Purchase of Property & Equipment	(68)	(4)	(17)	(32)	(5)	(58)	(4)	(4)	(4)	(3)	(15)	(11)
Purchase of Intangibles	(575)	(150)	(150)	(206)	(205)	(711)	(22)	(22)	(22)	(22)	(88)	(88)
Business Acquisition	(941)	-	-	(495)	(121)	(616)	(10,000)	-	-	-	(10,000)	-
Redemption of Short-Term Investments & Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash From Investing Activities</b>	<b>(1,576)</b>	<b>(150)</b>	<b>(195)</b>	<b>(691)</b>	<b>(327)</b>	<b>(1,363)</b>	<b>(10,026)</b>	<b>(26)</b>	<b>(25)</b>	<b>(25)</b>	<b>(10,102)</b>	<b>(99)</b>
<b>Financing Activities</b>												
Proceeds from Loan	80	40	-	-	-	40	-	-	-	-	-	-
Operating Line (Repayment)	-	(293)	-	293	(534)	(534)	-	-	-	-	-	-
Repayment of Loan	(21)	(1,740)	(24)	(317)	364	(1,717)	(2)	(2)	(1)	(1)	(6)	(6)
Issue/Repurchase of Equity	-	10,746	(5)	(2)	-	10,739	10,000	-	-	-	10,000	-
Proceeds from exercise of Stock Options and Warrants	3,776	1,392	16	10	50	1,468	-	-	-	-	-	-
<b>Total Cash From Financing Activities</b>	<b>3,835</b>	<b>10,145</b>	<b>(13)</b>	<b>(16)</b>	<b>(120)</b>	<b>9,996</b>	<b>9,998</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>9,994</b>	<b>(6)</b>
<b>Effect of Exchange Rates on Cash</b>	<b>4</b>	<b>(11)</b>	<b>(5)</b>	<b>27</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash</b>	<b>(482)</b>	<b>10,141</b>	<b>(651)</b>	<b>(2,890)</b>	<b>(1,046)</b>	<b>5,554</b>	<b>(2,309)</b>	<b>(1,202)</b>	<b>(566)</b>	<b>(435)</b>	<b>(4,511)</b>	<b>(630)</b>
<b>Beginning Cash</b>	<b>3,691</b>	<b>3,209</b>	<b>13,350</b>	<b>12,699</b>	<b>9,809</b>	<b>3,209</b>	<b>8,763</b>	<b>6,454</b>	<b>5,252</b>	<b>4,686</b>	<b>8,763</b>	<b>4,252</b>
<b>Ending Cash</b>	<b>3,209</b>	<b>13,350</b>	<b>12,699</b>	<b>9,809</b>	<b>8,763</b>	<b>8,763</b>	<b>6,454</b>	<b>5,252</b>	<b>4,686</b>	<b>4,252</b>	<b>4,252</b>	<b>3,621</b>

Source: Company Reports; eResearch Corp

## Appendix C: AdTech & Business Intelligence Comparables

Figure 11: U.S. and Canadian Comparables

Name	Ticker	May 06	Mkt Cap	EV	REVENUE (US\$ M)			EBITDA (US\$ M)			EV/Revenue			EV/EBITDA		
		Close (US\$)	(US\$ M)	(US\$ M)	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E
US Comps - Large Cap																
Accenture plc	NYSE:ACN	\$295.74	\$187,322	\$186,000	\$53,736	\$63,403	\$68,953	\$9,932	\$11,911	\$12,976	3.5x	2.9x	2.7x	18.7x	15.6x	14.3x
Adobe Inc.	NASDAQ:ADBE	\$391.01	\$184,752	\$184,716	\$15,785	\$17,853	\$20,508	\$7,954	\$8,829	\$10,153	11.7x	10.3x	9.0x	23.2x	20.9x	18.2x
Alphabet Inc.	NASDAQ:GOOGL	\$2,314.93	\$1,524,381	\$1,419,013	\$257,637	\$299,211	\$344,831	\$105,942	\$121,330	\$139,454	5.5x	4.7x	4.1x	13.4x	11.7x	10.2x
Meta Platforms, Inc.	NASDAQ:FB	\$203.77	\$551,468	\$522,236	\$117,929	\$127,436	\$147,847	\$64,517	\$57,746	\$67,412	4.4x	4.1x	3.5x	8.1x	9.0x	7.7x
LiveRamp Holdings, Inc.	NYSE:RAMP	\$27.74	\$1,894	\$1,393	\$506	\$605	\$758	\$43	\$62	\$119	2.8x	2.3x	1.8x	32.3x	22.4x	11.7x
The Trade Desk, Inc.	NASDAQ:TTD	\$48.92	\$23,776	\$23,102	\$1,196	\$1,585	\$1,997	\$490	\$601	\$749	19.3x	14.6x	11.6x	47.2x	38.4x	30.8x
Verizon Communications Inc.	NYSE:VZ	\$48.27	\$202,717	\$384,658	\$133,613	\$136,745	\$139,597	\$48,338	\$49,331	\$51,019	2.9x	2.8x	2.8x	8.0x	7.8x	7.5x
Mean (If EV/Revenue <20; EV/EBITDA <100)											7.1x	6.0x	5.1x	21.6x	18.0x	14.4x
Median											4.4x	4.1x	3.5x	18.7x	15.6x	11.7x
US Comps - Mid Cap																
Criteo S.A.	NASDAQ:CRTO	\$25.93	\$1,565	\$1,163	\$2,254	\$1,020	\$1,121	\$322	\$321	\$360	0.5x	1.1x	1.0x	3.6x	3.6x	3.2x
Digital Turbine, Inc.	NASDAQ:APPS	\$29.29	\$2,840	\$3,098	\$993	\$1,558	\$2,052	\$166	\$269	\$400	3.1x	2.0x	1.5x	18.7x	11.5x	7.7x
Fluent, Inc.	NASDAQ:FLNT	\$1.21	\$96	\$115	\$329	\$366	\$399	\$19	\$24	\$32	0.3x	0.3x	0.3x	6.2x	4.7x	3.6x
Marchex, Inc.	NASDAQ:MCHX	\$1.66	\$69	\$45	\$53	\$55	\$59	-\$5	-\$1	\$2	0.8x	0.8x	0.8x			18.6x
QuinStreet, Inc.	NASDAQ:QNST	\$9.49	\$518	\$414	\$589	\$640	\$726	\$51	\$48	\$68	0.7x	0.6x	0.6x	8.2x	8.6x	6.1x
Magnite, Inc.	NASDAQ:MGNI	\$9.87	\$1,302	\$1,881	\$468	\$529	\$633	\$141	\$173	\$217	4.0x	3.6x	3.0x	13.4x	10.9x	8.7x
TechTarget, Inc.	NASDAQ:TTGT	\$62.13	\$1,848	\$1,948	\$263	\$313	\$357	\$103	\$123	\$146	7.4x	6.2x	5.5x	18.9x	15.8x	13.3x
Mean (If EV/Revenue <20; EV/EBITDA <100)											2.4x	2.1x	1.8x	11.5x	9.2x	8.7x
Median											0.8x	1.1x	1.0x	10.8x	9.8x	7.7x
US Comps - Small Cap																
Harte Hanks, Inc.	NASDAQ:HHS	\$7.98	\$56	\$84	\$195	\$203	\$211	\$17	\$20	\$22	0.4x	0.4x	0.4x	4.9x	4.2x	3.9x
Inuvo, Inc.	NYSEAM:INUV	\$0.39	\$47	\$46	\$60	\$79	\$97	-\$2	\$0	\$4	0.8x	0.6x	0.5x		768.6x	11.9x
Marin Software Incorporated	NASDAQ:MRIN	\$2.08	\$32	-\$9	\$24											
Mobiquity Technologies, Inc.	NASDAQ:MOBQ	\$1.03	\$7	\$10	\$3	\$15	\$29	-\$3	\$1	\$6	3.7x	0.7x	0.3x		9.9x	1.6x
SRAX, Inc.	NASDAQ:SRAX	\$3.91	\$102	\$95	\$32	\$48		-\$3	\$14		3.0x	2.0x			6.9x	
Mean (If EV/Revenue <20; EV/EBITDA <100)											2.0x	0.9x	0.4x	4.9x	7.0x	5.8x
Median											1.9x	0.6x	0.4x	4.9x	8.4x	3.9x

Name	Ticker	May 06	Mkt Cap	EV	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
		Close (C\$)	(C\$ M)	(C\$ M)	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E
EQ Inc.	TSXV:EQ	\$1.26	\$87	\$79	\$12.1	\$16.5	\$21.5	-\$3.3	\$2.9	\$2.9	6.5x	4.8x	3.7x		27.3x	27.3x
Canadian Comps																
AcuityAds Holdings Inc.	TSX:AT	\$3.49	\$212.6	\$121.4	\$121.7	\$146.6	\$174.4	\$20.8	\$21.5	\$26.6	1.0x	0.8x	0.7x	5.8x	5.6x	4.6x
Adcore Inc.	TSX:ADCO	\$0.36	\$22.9	\$12.3												
Aquarius AI Inc.	CNSX:AQUA	\$0.07	\$8.2	\$9.4												
DGTL Holdings Inc.	TSXV:DGTL	\$0.14	\$6.1	\$5.5												
Reklaim Ltd.	TSXV:MYID	\$0.08	\$5.5	\$5.1												
Fobi AI Inc.	TSXV:FOBI	\$0.64	\$94.6	\$89.8												
YANGAROO Inc.	TSXV:YOO	\$0.12	\$7.5	\$10.2												
Yellow Pages Limited	TSX:Y	\$14.07	\$380.1	\$306.4	\$285.9	\$253.2	\$224.5	\$102.5	\$90.0	\$79.5	1.1x	1.2x	1.4x	3.0x	3.4x	3.9x
Zoomd Technologies Ltd.	TSXV:ZOMD	\$0.52	\$49.7	\$47.2												
Mean (If EV/Revenue <20; EV/EBITDA <100)											1.0x	1.0x	1.0x	4.4x	4.5x	4.2x
Median											1.0x	1.0x	1.0x	4.4x	4.5x	4.2x

Source: S&P Capital IQ; eResearch Corp.

## Appendix D: eResearch Disclosure

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### ANALYST ACCREDITATION

**eResearch 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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