

REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$1.90	\$2.00
Revenue F2022E (M)	\$16.2	\$16.5
Adj. EBITDA F2022E (M)	-\$2.9	-\$0.6
Adj. EPS F2022 (M)	-\$0.05	-\$0.02

MARKET DATA

Date:	Jun 23, 2022
Current Price (C\$):	\$1.16
Target Price (C\$):	\$1.90
52-Week Range:	\$1.10 / \$1.49
Shares O/S (M):	69.4
Mkt Cap (C\$M):	\$80.5
EV (C\$M):	\$73.2
Avg. Weekly Vol. (M):	0.00

Website: www.eqworks.com

FINANCIALS

	F2021A	F2022E	F2023E
Revenue (\$M)	\$12.1	\$16.2	\$21.5
EBITDA (\$M)	-\$3.3	-\$2.9	\$1.0
EPS	-\$0.09	-\$0.05	\$0.00
Cash (\$M)	\$8.8	\$5.0	\$5.1
Current Assets (\$M)	\$13.8	\$10.5	\$11.4
Net Cash (\$M)	\$8.7	\$4.9	\$5.0
Total Assets (\$M)	\$19.1	\$24.6	\$25.6
Debt (\$M)	\$0.1	\$0.1	\$0.1
Total Liabilities (\$M)	\$7.6	\$7.5	\$7.5
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)

Strongest Q1 in a Decade with Revenue Up 55% Y/Y Sets the Stage for Continued Revenue Growth in 2022

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 Software-as-a-Service (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 55% Y/Y**
 - EQ** recorded its highest Q1 revenue since 2012, with \$2.7 million booked in Q1/2022, up 55% Y/Y, but slightly below our estimate of \$3.0 million.
 - Revenue dropped Q/Q due to seasonality as Q1 is traditionally the lowest revenue quarter of the year.
- Data Business Continues to Grow, 22% Higher Y/Y**
 - The Y/Y revenue increase was powered by clients' new data engagements and the Company's continued focus on automotive, financial services, and retail industries.
 - EQ** expects to launch several proprietary SaaS data products during the second half of 2022 that could generate "meaningful results" towards the end of 2022 and into 2023.

Financial Analysis & Valuation:

- Due to a slower launch of **EQ's** new data services, we have lowered our quarterly revenue estimate to \$3.5 million in Q2/2022 from \$4.0 million but increased our quarterly revenue estimate to \$5.5 million in Q4/2022 from \$5.0 million. For 2022, we are slightly reducing our 2022 revenue estimate to \$16.2 million from \$16.5 million based on the lower revenue in Q1/2022.
- In our DCF valuation calculation, we lowered the Terminal EBITDA multiple in 2027 to 15x from 16x, and in the Revenue Multiple valuation calculation, we lowered the revenue multiple to 5.0x from 6.0x to keep both metrics in-line with comparable companies.
- We estimate an equal-weighted price target of \$1.90 based on a DCF valuation (\$2.35/share) and Revenue Multiple valuation (\$1.45/share).
- We are maintaining our Buy rating and reducing our one-year price target to \$1.90 from \$2.00.**

All figures in CAD unless otherwise stated.

eResearch Corporation

100 University Avenue, 5th Floor • Toronto, Ontario • M5J 1V6
www.eresearch.com

Review of Q1/2022 Financials

Revenue:

- **EQ** reported a 54.6% Y/Y revenue increase to \$2.7 million in Q1/2022, recording its highest first-quarter revenue in a decade, but slightly below our estimate of \$3.0 million.
- The Y/Y revenue increase was powered by clients' new data engagements and the Company's continued focus on automotive, financial services, and retail industries. Moreover, the reopening of retail businesses and more advertisement spending also contributed to the improved quarterly performance Y/Y.
- However, revenue dropped Q/Q as the Company's services are affected by seasonality as Q1 is traditionally the lowest revenue quarter of the year as approximately 35% of **EQ's** revenue occurs in Q4 due to increased advertising activity during the North American holiday season.
- The Company's Advertising Services segment revenue rose 67% Y/Y to \$2.1 million, while the Data Sales segment revenue rose almost 22% Y/Y to \$0.6 million.

Figure 1: Financial Summary

(C\$) ('000)	2020A	Q121A	2021E	Q122A	Q122E	DIFF	Q222E	Q322E	Q422E	2022E	2023E
Total Revenue	\$10,421	\$1,755	\$12,086	\$2,714	\$3,000	-10%	\$3,500	\$4,500	\$5,500	\$16,214	\$21,450
Total Operating Expenses	\$7,707	\$1,725	\$9,548	\$2,755	\$1,953	41%	\$1,887	\$2,297	\$2,629	\$9,568	\$9,856
Operating Income	(\$2,984)	(\$907)	(\$4,571)	(\$1,817)	(\$633)	(\$1,184)	(\$677)	(\$742)	(\$728)	(\$3,964)	\$11
Adj. EBITDA	(\$1,282)	(\$578)	(\$3,342)	(\$1,586)	(\$450)	(\$1,136)	(\$470)	(\$470)	(\$409)	(\$2,935)	\$1,008
Diluted EPS	(\$0.05)	(\$0.02)	(\$0.09)	(\$0.03)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.05)	(\$0.00)
Cash	\$3,209	\$13,350	\$8,763	\$7,528	\$6,454		\$3,688	\$2,263	\$852	\$852	\$705
Debt	\$2,069	\$120	\$77	\$77	\$75		\$75	\$74	\$72	\$72	\$67

Source: Company Reports; eResearch Corp.

Revenue Guidance:

- **EQ** continued to build its product offerings by investing in its consumer-facing application (**Paymi**) with unique zero-party data assets and propriety technology products, in addition to 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.
- The Company reportedly has seen significant traction and interest from clients across multiple verticals and it continues to focus on its key verticals - automotive, financial services, and retail industries. Furthermore, the Company expects to launch several proprietary SaaS data products during the second half of 2022 that could generate "meaningful results" towards the end of 2022 and into 2023.
- Due to a slower launch of **EQ's** new data services, we have lowered our quarterly revenue estimate to \$3.5 million in Q2/2022 from \$4.0 million but increased our quarterly revenue estimate to \$5.5 million in Q4/2022 from \$5.0 million. For 2022, we are slightly reducing our 2022 revenue estimate to \$16.2 million from \$16.5 million based on the lower revenue in Q1/2022.

Gross Margin

- EQ's publishing costs largely include payments to advertising exchanges and publishers, paid search traffic costs, and other direct costs associated with generating revenue.
- In Q1/2022, the publishing costs of the Company were \$1.8 million, which was 65.4% of the total revenue, compared to \$0.9 million in the prior-year period, which was 53.4% of revenue.
- The Company reported a gross profit of \$0.9 million during the quarter, with a margin of 35%, down from 47% in the same period last year, despite the Company's cost reduction efforts in the traditional advertising services provided. In Q1/2021, the gross profit was \$0.8 million.

SG&A

- EQ's other operating costs consist primarily of office and administration expenses. In Q1/2022, other operating costs of the Company were \$1.2 million, an increase of 162.9% from Q1/2021 costs of \$0.7 million.
- The operating costs rose due to the Company's growth in data services and the **Paymi** acquisition that added personnel and expenses to launch the new division.

Net Loss

- EQ's net loss increased to \$1.9 million in Q1/2022 compared to \$1.0 million in the prior-year quarter and \$2.6 million in Q4/2021.
- The increase in net loss was primarily attributable to an increase in employee compensation as the Company hired a significant number of employees and also due to additional other costs related to the acquisition of **Paymi**, which is still in its first year of operations.

Adjusted EBITDA

- The Company recorded an Adjusted EBITDA loss of \$1.6 million in Q1/2022, an increase of \$1.0 million Y/Y, compared to an Adjusted EBITDA loss of \$0.6 million in Q1/2021.
- The increase of \$1.0 million in Adjusted EBITDA loss was primarily related to the \$0.4 million increase in the employee compensation and \$0.7 million increase in other operating costs and was partially offset by an increase in gross profit of \$0.1 million.

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	Mar 31/22 Q1/22A	
Geographical									
Canada	\$7,513	\$9,919	\$1,723	\$2,970	\$3,074	\$4,202	\$11,969	\$2,709	99.8%
United States	\$1,445	\$502	\$32	\$39	\$30	\$16	\$117	\$5	0.2%
Outside of North America	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total ('000)	\$8,965	\$10,421	\$1,755	\$3,009	\$3,104	\$4,218	\$12,086	\$2,714	100%
Revenue Streams									
Advertising Services	\$7,518	\$7,596	\$1,275	\$2,210	\$2,184	\$3,064	\$8,733	\$2,129	78.4%
Fixed Fee Data Sales	1,308 *	2,546 *	480 *	\$799	\$920	1,083 *	3,282 *	585 *	21.6%
CPM Data Sales	N/A	N/A	\$0	\$0	\$0	\$71	\$71	\$0	
Other Services	\$139	\$279	\$0	\$0	\$0	\$0	\$0	\$0	
Total ('000)	\$8,965	\$10,421	\$1,755	\$3,009	\$3,104	\$4,218	\$12,086	\$2,714	100%
Customer Concentration									
Top Customer 1	27%	23%	24%	29%	29%	n/a	29%	37%	
Top Customer 2	13%	14%	21%	17%	17%	n/a	18%	14%	
Top Customer 3	11%		10%	15%	12%	n/a		12%	
Total	51%	37%	55%	61%	58%	0%	47%	63%	

Source: Company Reports; eResearch Corp.

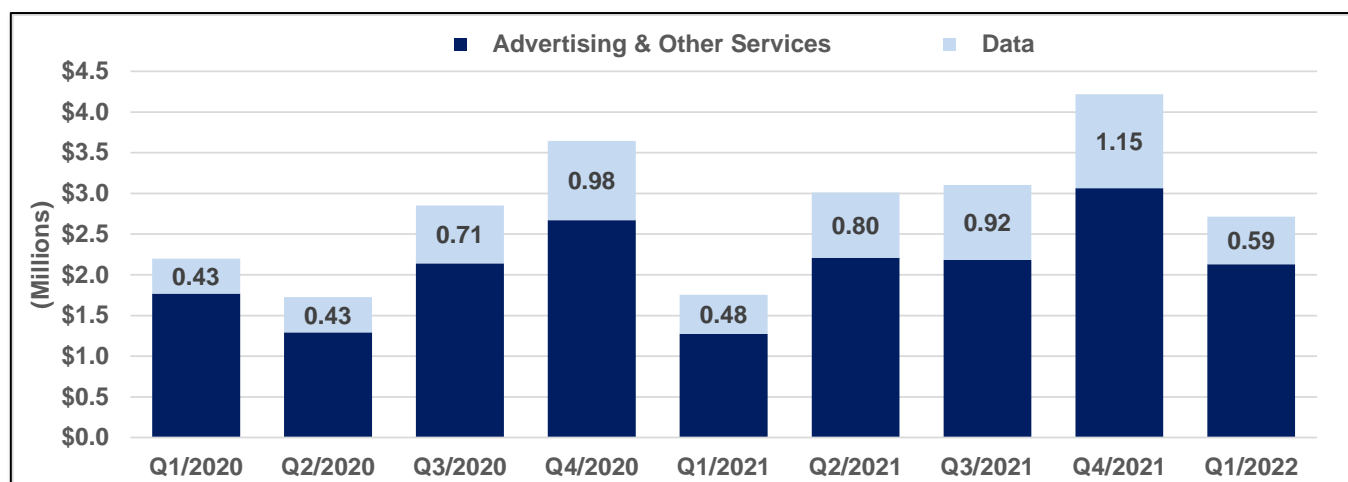
Cash and Working Capital

- As of March 31, 2022, **EQ** had \$7.5 million in cash compared to \$8.8 million as of December 31, 2021.
- At the end of Q1/2022, **EQ** had working capital of \$4.5 million compared to \$6.3 million in the previous quarter.

Segment Data

- In Q1/2022, **EQ** generated \$2.7 million or 99.8% of its revenue from clients in Canada, up from 98.2% in Q1/2021, with the U.S. generating only 0.2% of revenue in the quarter.
- In addition, the Company's customer concentration from its top three customers increased to 63% of revenue in Q1/2022 compared to 55% in Q1/2021.
- EQ** reports revenue streams by Advertising Services & Other Services (including CPM Data Sales) and Fixed Fee Data Sales. In Q1/2022, the Advertising Services stream generated 78.4% of revenue, higher than the 72.6% reported in Q1/2021. In Q1/2022, Data Sales comprised 21.6% of revenue compared to 27.4% reported in Q1/2021. However, the Company's core focus remains on growing the data analytics business, and thus it believes that the Data Sales segment will generate a more significant percentage of overall revenue in the near future.

Figure 3: Quarterly Revenue by Segment



Source: Company Reports; eResearch Corp.

Developments during the Quarter

- On January 18, 2022, **EQ** announced that it joined the Artificial Intelligence (AI) Affiliate Network, which the company expects could bring a new revenue potential to the Company.
- On February 10, 2022, **EQ** announced secured commitments of more than \$6 million from various leading Canadian digital agencies for data-driven marketing projects for 2022.
- On March 24, 2022, **EQ** announced an agreement with **Tapad**, a digital identity resolution, to create Canada's largest, privacy-forward, device identity graph, which would enable **EQ** customers to leverage identity resolution at scale to tap into cross-device insights for various use cases.
- During the quarter, **Paymi's** number of downloads increased by 20% compared to the previous quarter.

VALUATION

Due to a slower launch of **EQ's** new data services, we have lowered our quarterly revenue estimate to \$3.5 million in Q2/2022 from \$4.0 million but increased our quarterly revenue estimate to \$5.5 million in Q4/2022 from \$5.0 million. For 2022, we are slightly reducing our 2022 revenue estimate to \$16.2 million from \$16.5 million based on the lower revenue in Q1/2022.

[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%	34%	32%	CAGR 25%
Gross Margins	41%	35%	46%	From 48% to 56%
EBITDA Margins	-28%	-18%	5%	From 13% to 31%

Source: eResearch Corp.

In Q1/2022, **EQ** generated only 0.2% of its revenue from the U.S. 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.

Our model also includes **EQ** raising \$9 million this year at \$1.50 per share for acquisitions.

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 15x from 16x 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 \$2.35.

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

We moved the model forward one quarter to calculate a one-year forward Revenue estimate of \$17.4 million and lowered the revenue multiple to 5.0x from 6.0x to keep it in-line with comparable companies and calculated a one-year target share price of \$1.45.

The equal-weighted price per share is \$1.90 and we are lowering our one-year price target to \$1.90 from \$2.00.

We are maintaining our Buy rating and lowering our one-year price target to \$1.90.

Figure 5: Target Price (1 Year) Calculation

			TARGET
Method 1: DCF (5-year)	WACC:10%	Terminal Multiple:15x EBITDA	\$2.35
Method 2: Revenue Multiple	5.0x	1 Year Fwd Revenue (Est.): \$17.4M	\$1.45
Equal-Weighted Valuation (1 year)			\$1.90
Target Price (1 year)			\$1.90

Source: eResearch Corp.

Figure 6: DCF Analysis

EQ Inc. FYE (December 31)	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E
DCF Analysis (C\$)								
Revenue (\$)	10.4	12.1	16.2	21.5	30.0	37.5	45.0	51.8
Revenue Growth	16.2%	16.0%	34.2%	32.3%	40.0%	25.0%	20.0%	15.0%
EBITDA (\$)	(1.9)	(3.3)	(2.9)	1.0	3.8	7.1	13.1	16.1
EBITDA Growth	n/a	n/a	n/a	134.3%	272.6%	90.0%	83.2%	22.9%
EBITDA Margin	-18.6%	-27.7%	-18.1%	4.7%	12.5%	19.0%	29.0%	31.0%
Depreciation and Amortization	0.4	0.6	0.3	0.1	0.1	0.1	0.1	0.1
EBIT (\$)	(2.3)	(3.9)	(3.2)	0.9	3.7	7.0	13.0	16.0
NOPAT	(3.0)	(4.6)	(4.0)	0.0	2.5	5.5	11.2	13.9
Plus Amortization (\$)	0.4	0.6	0.3	0.1	0.1	0.1	0.1	0.1
Less Capital Expenditures (\$)	(0.6)	(0.8)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital Intensity	6.2%	6.4%	1.5%	0.4%	0.3%	0.2%	0.2%	0.2%
Net Working Capital Changes	(1.5)	0.2	(0.5)	(0.8)	(0.9)	(1.0)	(2.3)	(0.8)
EPS (Continuing)	(0.05)	(0.09)	(0.05)	0.00	0.03	0.07	0.15	0.18
Unlevered Free Cash Flow (\$)	(4.8)	(4.5)	(4.5)	(0.7)	1.6	4.6	8.9	13.1
PV of Unlevered FCFs (\$)	(5.5)	(4.7)	(4.3)	(0.6)	1.3	3.3	5.8	7.7
Valuation Assumptions:								
Discount Rate	10.0%							
Terminal Multiple	15.0x							
Valuation Analysis:								
	Current	1-Yr Target	2-Yr Target					
Total PV of FCFs (\$M)	13.1	19.1	21.8					
Terminal Value (\$M)	240.9	240.9	240.9					
PV of Terminal Value (\$M)	142.3	156.5	172.1					
Net (debt) cash position	4.9	4.8	6.2					
Total Value (\$M)	160.3	180.4	200.1					
DCF Value/Share (C\$)	C\$2.09	C\$2.35	C\$2.61					
DCF Value/Share (US\$)	US\$1.62	US\$1.82	US\$2.02					
FD Shares O/S (M)*	76.7	76.7	76.7					
*Includes \$9 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						
		12.00	13.00	14.00	15.00	16.00	17.00	18.00
Discount Rate	6.0%	2.28	2.44	2.60	2.76	2.92	3.09	3.25
	8.0%	2.10	2.25	2.40	2.55	2.70	2.84	2.99
	10.0%	1.95	2.08	2.22	2.35	2.49	2.63	2.76
	12.0%	1.80	1.93	2.05	2.18	2.30	2.43	2.55
	14.0%	1.67	1.79	1.90	2.02	2.13	2.25	2.36
	16.0%	1.55	1.66	1.77	1.87	1.98	2.09	2.19

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 several 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 2022 and for the first time, **eMarketer** expects that digital ad spending in Canada will be more than double traditional ad spending, and could account for over 68% of the total ad market. Worldwide, digital ad spending is expected to reach over US\$602 million in 2022 and capture over two-thirds of ad spending.

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	2021E	Q122A	Q222E	Q322E	Q422E	2022E	2023E	2024E
Total Revenue	10,421	12,086	2,714	3,500	4,500	5,500	16,214	21,450	30,030
Total Cost of Sales	5,698	7,109	1,776	2,290	2,945	3,599	10,610	11,583	15,616
Gross Profit	4,723	4,977	938	1,210	1,555	1,901	5,604	9,867	14,414
General and Administrative	3,944	4,629	1,320	1,225	1,440	1,595	5,580	6,286	7,207
Other Operating Costs	2,061	3,690	1,204	455	585	715	2,959	2,574	3,453
Stock Based Compensation	678	643	84	175	225	275	759	858	1,201
Depreciation of Property & Equipment	141	145	27	10	25	22	84	49	13
Total Operating Expenses	7,707	9,548	2,755	1,887	2,297	2,629	9,568	9,856	11,963
Operating Income	(2,984)	(4,571)	(1,817)	(677)	(742)	(728)	(3,964)	11	2,451
Total Other Income	(443)	(1,384)	(42)	(1)	(2)	(4)	(49)	(17)	(15)
EBT	(3,427)	(5,955)	(1,859)	(679)	(743)	(732)	(4,013)	(6)	2,436
Income Taxes	-	-	-	-	-	-	-	-	-
Net Income (Loss)	(3,427)	(5,955)	(1,859)	(679)	(743)	(732)	(4,013)	(6)	2,436
EPS									
Basic EPS	(0.06)	(0.09)	(0.03)	(0.01)	(0.01)	(0.01)	(0.05)	(0.00)	0.03
Diluted EPS	(0.05)	(0.09)	(0.03)	(0.01)	(0.01)	(0.01)	(0.05)	(0.00)	0.03
EBITDA									
EBITDA	(1,937)	(3,342)	(1,586)	(470)	(470)	(409)	(2,935)	1,008	3,754
Adj. EBITDA	(1,282)	(3,342)	(1,586)	(470)	(470)	(409)	(2,935)	1,008	3,754
Shares Outstanding									
Shares Outstanding, Basic (Weighted)	58,912	67,266	69,436	69,436	69,436	75,436	75,436	75,436	75,436
Shares Outstanding, Diluted (Weighted)	63,189	67,266	69,436	69,436	69,436	75,436	75,436	75,436	75,436

Source: Company Reports; eResearch Corp.

Figure 9: Balance Sheet

EQ Inc. Balance Sheet - FYE (December 31)	2020A	2021E	Q122A	Q222E	Q322E	Q422E	2022E	2023E	2024E
Current Assets									
Cash	3,209	8,763	7,528	4,986	5,289	4,966	4,966	5,080	7,876
Account Receivables	4,572	4,687	3,090	4,600	4,435	4,819	4,819	5,695	7,973
Investment Tax Credits Receivable	0	0	0	275	353	432	432	421	568
Prepaid Expenses & Other Assets	197	388	384	168	206	236	236	239	321
Total Current Assets	7,978	13,838	11,002	10,027	10,284	10,452	10,452	11,435	16,737
Non-Current Assets									
Property and Equipment	102	101	92	86	71	58	58	15	4
Intangible Assets	1,096	2,193	2,223	2,223	2,223	2,223	2,223	2,223	2,223
Goodwill	732	2,914	2,914	2,914	2,914	2,914	2,914	2,914	2,914
Other	76	6	0	0	0	9,000	9,000	9,000	9,000
Total Assets	9,984	19,052	16,231	15,250	15,492	24,647	24,647	25,587	30,877
Current Liabilities									
Accounts Payables	2,908	4,514	3,794	3,210	3,939	4,521	4,521	4,575	6,143
Lease Liability	132	16	0	109	140	171	171	202	282
Short-Term Debt	1,989	0	0	6	12	16	16	30	37
Total Current Liabilities	5,337	7,531	6,485	6,016	6,781	7,398	7,398	7,497	9,153
Non-Current Liabilities									
Term Loan	80	77	77	69	62	56	56	37	24
Provision/Loan Payable/Benefits Payable	0	0	0	0	0	0	0	0	0
Total Liabilities	5,435	7,608	6,562	6,085	6,844	7,455	7,455	7,534	9,177
Shareholders Equity									
Capital Stock	4,549	11,444	9,669	9,669	9,669	18,669	18,669	18,669	18,669
Contributed Surplus	0	0	0	175	400	675	675	1,533	2,734
Deficit	-	-	-	(679)	(1,421)	(2,152)	(2,152)	(2,149)	297
Total Shareholders Equity	4,549	11,444	9,669	9,165	8,648	17,192	17,192	18,053	21,700
Total Liabilities & Shareholders Equity	9,984	19,052	16,231	15,250	15,492	24,647	24,647	25,587	30,877

Source: Company Reports; eResearch Corp.

Figure 10: Cash Flow Statement

EQ Inc.	2020A	2021E	Q122A	Q222E	Q322E	Q422E	2022E	2023E	2024E
Cash Flow Statement - FYE (December 31)									
Cash Provided By Operating Activities									
Net Income (Loss)	(3,427)	(5,955)	(1,859)	(679)	(742)	(731)	(4,011)	2	2,446
Amortization of Intangibles	228	441	120	22	22	22	187	89	89
Depreciation of Property & Equipment	141	145	27	10	25	22	84	49	13
Stock Based Compensation Expense	678	643	84	175	225	275	759	858	1,201
Changes in Non-Cash Working Capital									
Account & Other Receivables	(2,512)	(115)	1,597	(1,510)	164	(383)	(132)	(876)	(2,278)
Investment/Income Tax Credits	-	-	-	(275)	(79)	(79)	(432)	11	(147)
Prepaid Expenses & Other Current Assets	-	-	(1)	216	(38)	(30)	147	(3)	(82)
Accounts Payable & Other Payables	1,096	111	(703)	(584)	729	581	24	54	1,568
Deferred (Unbilled) Revenue	(76)	442	-	109	31	31	171	31	81
Total Cash Provided By Operating Activities	(2,745)	(3,090)	(1,027)	(2,515)	338	(291)	(3,496)	215	2,891
Investing Activities									
Purchase of Property & Equipment	(68)	(58)	(12)	(4)	(10)	(8)	(34)	(6)	(1)
Purchase of Intangibles	(575)	(711)	(150)	(22)	(22)	(22)	(217)	(89)	(89)
Business Acquisition	(941)	(616)	-	-	-	(9,000)	(9,000)	-	-
Redemption of Short-Term Investments & Restricted Cash	-	-	-	-	-	-	-	-	-
Total Cash From Investing Activities	(1,576)	(1,363)	(158)	(26)	(32)	(9,031)	(9,247)	(95)	(90)
Financing Activities									
Proceeds from Loan	80	40	-	-	-	-	-	-	-
Operating Line (Repayment)	-	(534)	-	-	-	-	-	-	-
Repayment of Loan	(21)	(1,717)	(49)	(2)	(2)	(1)	(54)	(6)	(5)
Issue/Repurchase of Equity	-	10,739	-	-	-	9,000	9,000	-	-
Proceeds from exercise of Stock Options and Warrants	3,776	1,468	-	-	-	-	-	-	-
Total Cash From Financing Activities	3,835	9,996	(49)	(2)	(2)	8,999	8,946	(6)	(5)
Effect of Exchange Rates on Cash	4	11	(1)	-	-	-	(1)	-	-
Net Increase in Cash	(482)	5,554	(1,235)	(2,542)	304	(323)	(3,797)	115	2,795
Beginning Cash	3,691	3,209	8,763	7,528	4,986	5,289	8,763	4,966	5,080
Ending Cash	3,209	8,763	7,528	4,986	5,289	4,966	4,966	5,080	7,876

Source: Company Reports; eResearch Corp

Appendix C: AdTech & Business Intelligence Comparables

Figure 11: U.S. and Canadian Comparables

Name	Ticker	Jun 23 Close (US\$)	Mkt Cap (US\$ M)	EV (US\$ M)	REVENUE (US\$ M)			EBITDA (US\$ M)			EV/Revenue			EV/EBITDA		
					2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E
US Comps - Large Cap																
Accenture plc	NYSE:ACN	\$284.25	\$180,044	\$178,722	\$53,736	\$63,389	\$68,963	\$9,932	\$11,911	\$12,976	3.3x	2.8x	2.6x	18.0x	15.0x	13.8x
Adobe Inc.	NASDAQ:ADBE	\$375.49	\$177,419	\$176,785	\$15,785	\$17,699	\$20,216	\$7,954	\$8,696	\$10,001	11.2x	10.0x	8.7x	22.2x	20.3x	17.7x
Alphabet Inc.	NASDAQ:GOOGL	\$2,225.13	\$1,465,245	\$1,359,877	\$257,637	\$298,179	\$343,334	\$105,942	\$120,552	\$138,172	5.3x	4.6x	4.0x	12.8x	11.3x	9.8x
Meta Platforms, Inc.	NASDAQ:META	\$157.32	\$425,759	\$396,527	\$117,929	\$126,079	\$146,471	\$64,517	\$58,255	\$67,746	3.4x	3.1x	2.7x	6.1x	6.8x	5.9x
LiveRamp Holdings, Inc.	NYSE:RAMP	\$28.55	\$1,953	\$1,407	\$506	\$590	\$706	\$43	\$45	\$97	2.8x	2.4x	2.0x	32.6x	31.1x	14.5x
The Trade Desk, Inc.	NASDAQ:TTD	\$47.20	\$22,955	\$22,127	\$1,196	\$1,590	\$1,998	\$490	\$615	\$761	18.5x	13.9x	11.1x	45.2x	36.0x	29.1x
Verizon Communications Inc.	NYSE:VZ	\$51.83	\$217,656	\$399,597	\$133,613	\$136,786	\$139,592	\$48,338	\$49,268	\$50,862	3.0x	2.9x	2.9x	8.3x	8.1x	7.9x
Mean (If EV/Revenue <20; EV/EBITDA <100)											6.8x	5.7x	4.8x	20.7x	18.4x	14.1x
Median											3.4x	3.1x	2.9x	18.0x	15.0x	13.8x
US Comps - Mid Cap																
Criteo S.A.	NASDAQ:CRTO	\$24.31	\$1,467	\$1,000	\$2,254	\$979	\$1,104	\$322	\$314	\$352	0.4x	1.0x	0.9x	3.1x	3.2x	2.8x
Digital Turbine, Inc.	NASDAQ:APPS	\$16.49	\$1,623	\$2,046	\$659	\$814	\$1,035	\$166	\$230	\$335	3.1x	2.5x	2.0x	12.3x	8.9x	6.1x
Fluent, Inc.	NASDAQ:FLNT	\$1.19	\$95	\$117	\$329	\$383	\$423	\$19	\$28	\$36	0.4x	0.3x	0.3x	6.3x	4.2x	3.3x
Marchex, Inc.	NASDAQ:MCHX	\$1.27	\$52	\$31	\$53	\$55	\$59	-\$5	\$1	\$2	0.6x	0.6x	0.5x	46.3x	12.7x	
QuinStreet, Inc.	NASDAQ:QNST	\$10.66	\$584	\$485	\$589	\$576	\$654	\$51	\$29	\$50	0.8x	0.8x	0.7x	9.6x	16.9x	9.7x
Magnite, Inc.	NASDAQ:MGNI	\$10.67	\$1,407	\$2,009	\$468	\$532	\$638	\$141	\$188	\$228	4.3x	3.8x	3.1x	14.3x	10.7x	8.8x
TechTarget, Inc.	NASDAQ:TTGT	\$67.48	\$1,994	\$2,080	\$263	\$316	\$361	\$103	\$128	\$150	7.9x	6.6x	5.8x	20.1x	16.3x	13.9x
Mean (If EV/Revenue <20; EV/EBITDA <100)											2.5x	2.2x	1.9x	11.0x	15.2x	8.2x
Median											0.8x	1.0x	0.9x	11.0x	10.7x	8.8x
US Comps - Small Cap																
Harte Hanks, Inc.	NASDAQ:HHS	\$10.32	\$72	\$100	\$195	\$199	\$211	\$17	\$20	\$22	0.5x	0.5x	0.5x	5.9x	5.1x	4.7x
Inuvo, Inc.	NYSEAM:INUV	\$0.45	\$54	\$53	\$60	\$87	\$108	-\$2	\$0	\$4	0.9x	0.6x	0.5x	117.3x	12.2x	
Marin Software Incorporated	NASDAQ:MRIN	\$1.78	\$28	-\$13	\$24											
Mobiquity Technologies, Inc.	NASDAQ:MOBQ	\$1.24	\$10	\$13	\$3	\$15	\$29	-\$3	\$1	\$6	4.8x	0.9x	0.4x	12.9x	2.2x	
SRAX, Inc.	NASDAQ:SRAX	\$3.36	\$88	\$81	\$32	\$49	\$59	-\$3	\$12		2.6x	1.6x	1.4x	7.0x		
Mean (If EV/Revenue <20; EV/EBITDA <100)											2.2x	0.9x	0.7x	5.9x	8.3x	6.3x
Median											1.7x	0.7x	0.5x	5.9x	9.9x	4.7x
Canadian Comps																
AcuityAds Holdings Inc.	TSX:AT	\$2.97	\$181.0	\$91.5	\$121.7	\$141.6	\$168.1	\$20.8	\$18.0	\$24.0	0.8x	0.6x	0.5x	4.4x	5.1x	3.8x
Adcore Inc.	TSX:ADCO	\$0.19	\$12.1	\$3.7												
Aquarius AI Inc.	CNSX:AQUA	\$0.05	\$6.1	\$7.3												
DGTL Holdings Inc.	TSXV:DGTL	\$0.10	\$4.5	\$3.9												
Reklaim Ltd.	TSXV:MYID	\$0.12	\$8.2	\$9.1												
Fobi AI Inc.	TSXV:FOBI	\$0.40	\$59.1	\$55.8												
YANGAROO Inc.	TSXV:YOO	\$0.09	\$5.3	\$7.7												
Yellow Pages Limited	TSX:Y	\$13.08	\$353.1	\$286.3	\$285.9	\$261.7	\$235.9	\$102.5	\$94.5	\$84.5	1.0x	1.1x	1.2x	2.8x	3.0x	3.4x
Zoomd Technologies Ltd.	TSXV:ZOMD	\$0.36	\$34.5	\$30.5												
Mean (If EV/Revenue <20; EV/EBITDA <100)											0.9x	0.9x	0.9x	3.6x	4.0x	3.6x
Median											0.9x	0.9x	0.9x	3.6x	4.0x	3.6x
EQ Inc.	TSXV:EQ	\$1.16	\$81	\$73	\$12.1	\$16.2	\$21.5	-\$3.3	-\$2.9	\$1.0	6.0x	4.5x	3.4x	72.6x		

Source: S&P Capital IQ; eResearch Corp.

Appendix D: eResearch Disclosure

eRESEARCH CORPORATION

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.com

NOTE: eResearch company reports are available FREE on our website: www.eresearch.com

eResearch Intellectual Property: No representations, express or implied, are made by eResearch as to the accuracy, completeness or correctness of the comments made in this Company Perspective. This report is not an offer to sell or a solicitation to buy any security of the Company. Neither eResearch nor any person employed by eResearch accepts any liability whatsoever for any direct or indirect loss resulting from any use of its report or the information it contains. This report may not be reproduced, distributed, or published without the express permission of eResearch.

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)**.

eRESEARCH DISCLOSURE STATEMENT

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.com), and to the general investing public through its extensive electronic distribution network and through newswire agencies. With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

A third-party Capital Markets advisory firm paid eResearch a fee to have it conduct research and publish reports on the Company for one year.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies are due and payable prior to the commencement of research. Management of the Covered Companies are sent copies, in draft form without a Recommendation or a Target Price, of the Initiating Report and the Update Report prior to publication to ensure our facts are correct, that we have not misrepresented anything, and have not included any non-public, confidential information. At no time is management entitled to comment on issues of judgment, including Analyst opinions, viewpoints, or recommendations. All research reports must be approved, prior to publication, by eResearch's Director of Research, who is a Chartered Financial Analyst (CFA).

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch Analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.