

### REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$2.00	\$2.00
Revenue F2020E (M)	\$10.3	\$10.0
Adj. EBITDA F2020E (M)	-\$0.9	-\$0.9
Adj. EPS F2020 (M)	-\$0.04	-\$0.05

### MARKET DATA

Date:	Nov 25, 2020
Current Price (C\$):	\$1.32
Target Price (C\$):	\$2.00
52-Week Range:	\$0.73 / \$1.50
Shares O/S (M):	58.9
Mkt Cap (C\$M):	\$77.8
EV (C\$M):	\$75.3
Avg. Weekly Vol. (M):	0.13

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

### FINANCIALS

	F2019A	F2020E	F2021E
Revenue (\$M)	\$9.0	\$10.3	\$17.8
EBITDA (\$M)	-\$0.6	-\$1.1	\$3.0
EPS (\$)	-\$0.04	-\$0.03	\$0.03
Cash (\$M)	\$3.7	\$2.3	\$2.9
Current Assets (\$M)	\$5.9	\$6.5	\$8.9
Net Cash (\$M)	\$2.1	\$0.4	\$1.1
Total Assets (\$M)	\$7.3	\$9.1	\$11.5
Debt (\$M)	\$1.6	\$1.9	\$1.8
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 Surges by 81% as Advertising Revenue Recovers

#### 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 and growing at 7 terabytes daily.

#### QUARTERLY HIGHLIGHTS:

- Q3/2020 Revenue Recovers from COVID-19 Impact**
  - Advertising revenue recovered in the quarter as many customers renewed previously paused campaigns and started to spend on new campaigns.
  - Q3/2020 revenue was \$2.85 million, an increase of 15%, compared to \$2.48 million in Q3/2019, and slightly higher than our estimate of \$2.60 million.
  - Even during the current health crisis, EQ added 33 new clients during the first nine months of 2020.
  - We are maintaining our revenue estimate of \$3.5 million for Q4/2020.
- Data Revenue Surges by 81% and Continues to be a Main Focus**
  - Data solutions revenue increased 81% year-over-year to \$0.7 million in Q3/2020 and now accounts for 25% of the overall quarterly revenue.
  - We expect this trend to continue and to grow substantially next year. With the restart of the economy post-COVID-19, EQ offers a unique value proposition in the market as it gives its customers the ability to understand what consumers are looking for and then present them with the most relevant content and advertising.
- U.S. Publisher Deal Shows Potential for More Growth into the U.S. Market**
  - In Q3/2020, the U.S. still only accounted for 7% of revenue but is the largest ad market in the world. We await news of more U.S. deal signings.
- Strong Balance Sheet is Maintained During the Quarter**
  - At the end of Q3/2020, EQ had a cash balance of \$4.75 million.

#### FINANCIAL ANALYSIS & VALUATION:

- Our Revenue Estimates Remained Virtually Unchanged**
  - 2020E: Revenue \$10.3 million; EBITDA -\$1.1 million;
  - 2021E: Revenue \$17.8 million; EBITDA \$3.0 million;
  - 2022E: Revenue \$23.2 million; EBITDA \$5.6 million.
- We estimate an equal-weighted price target of \$2.00 based on a DCF valuation (\$2.24/share) and a Revenue Multiple valuation (\$1.82/share).**
- We are maintaining a Buy rating with a (blended) one-year price target of \$2.00.**

All figures in CAD unless otherwise stated.

## REVIEW OF Q3/2020 FINANCIALS

### Revenue

According to EQ's reports, its advertising revenue continued to be negatively impacted by the COVID-19 pandemic. However, as government lockdown measures were eased in the quarter, the Company found that many customers renewed previously paused campaigns and started to spend on new campaigns. These actions resulted in a quarter-over-quarter revenue increase that has continued into the fourth quarter. The Company added 33 new clients during the first nine months of 2020.

Revenue for the three months ended September 30, 2020, was \$2.85 million, an increase of 15%, compared to \$2.48 million in the same quarter a year ago and slightly higher than our estimate of \$2.60 million (Figure 1). The Company's data solutions revenue, its fastest-growing segment, increased to \$0.7 million in Q3/2020, up 81% compared to the same period in 2019, and accounted for 25% of the overall quarterly revenue.

Figure 1: Financial Summary

	Q319A	2019A	Q120A	Q220A	Q320A	Q320E	DIFF	Q420E	2020E	2021E
Total Revenue	\$2,479	\$8,965	\$2,198	\$1,726	\$2,851	\$2,600	\$0.1	\$3,500	\$10,275	\$17,819
Total Operating Expenses	\$1,249	\$4,926	\$1,443	\$1,459	\$1,908	\$1,230	55%	\$1,613	\$6,423	\$7,355
Operating Income	(\$204)	(\$976)	(\$503)	(\$826)	(\$494)	(\$164)	-202%	\$102	(\$1,721)	\$2,326
Adj. EBITDA	(\$149)	(\$647)	(\$449)	(\$594)	(\$111)	(\$53)	-109%	\$244	(\$1,063)	\$3,025
Diluted EPS	(\$0.01)	(\$0.04)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	-	(\$0.00)	(\$0.03)	\$0.03
Cash	\$194	\$3,691	\$1,996	\$4,982	\$4,651	\$2,594		\$2,301	\$2,301	\$2,933
Debt	\$1,835	\$1,603	\$1,699	\$1,876	\$1,973	\$1,838		\$1,934	\$1,934	\$1,783

Source: Company Reports; eResearch Corp.

### Segment Data

EQ's operations are primarily located in Canada and, in Q3/2020, comprised over 93% of the regional revenue, with the U.S. generating over 7% of revenue (Figure 2).

Although the Company generates revenues from four streams, the Advertising Services stream made up 74% of revenue in the quarter but continues to decrease and is down from over 83% of revenue in Q3/2019. **However, data revenue continues to grow at the fastest pace, increasing 81% in Q3/2020 compared with the same quarter last year (Figure 3).**

There is some customer concentration risk as the top three customers encompassed 45% of EQ's revenue in Q3/2020, but down from Q3/2019 when the top three customers comprised 57% of revenue.

### Expenses

As the business recovered and government wage subsidies eased, Publishing Costs increased to \$1.4 million in Q3/2020 from \$1.1 million in the previous quarter but remained flat year-over-year.

Gross Margin in the quarter increased to 50% from 42% in the same quarter last year. The higher Gross Margin was directly related to the fixed-price data feeds that the Company pays for on a monthly basis, regardless of usage.

In an effort to reward and retain key employees, stock-based compensation increased again this quarter to \$0.28 million, up from \$0.05 million in Q3/2019.

Total Operating Expenses were \$1.9 million in Q3/2020, higher than \$1.25 million in Q3/2019, but included employee compensation and costs associated with the acquisition of Juice Mobile that was completed in March 2020.

## EBITDA

Adjusted EBITDA for Q3/2020 was a loss of \$0.11 million compared to a loss of \$0.09 million in Q3/2019. An increase in employee compensation and benefits, along with costs supporting company growth and higher COVID-19 costs, contributed to the decrease in quarterly EBITDA.

**Figure 2: Revenue Segmentation Chart**

	Dec 31/18 2018A	Mar 31/19 Q1/19A	Jun 30/19 Q2/19A	Sep 30/19 Q3/19A	Dec 31/19 Q4/19A	Dec 31/19 2019A	Mar 31/20 Q1/20A	Jun 30/20 Q2/20A	Sep 30/20 Q3/20A
<b>Geographical ('000)</b>									
Canada	\$5,279	\$1,072	\$1,639	\$2,224	\$2,578	\$7,513	\$2,153	\$1,600	\$2,655
United States	\$588	\$332	\$568	\$255	\$290	\$1,445	\$45	\$126	\$196
Outside of North America	\$1	\$2	\$0	\$0	\$5	\$7	\$0	\$0	\$0
<b>Total ('000)</b>	<b>\$5,868</b>	<b>\$1,406</b>	<b>\$2,207</b>	<b>\$2,479</b>	<b>\$2,873</b>	<b>\$8,965</b>	<b>\$2,198</b>	<b>\$1,726</b>	<b>\$2,851</b>
<b>Revenue Streams ('000)</b>									
Advertising Services	\$4,934	\$1,207	\$1,861	\$2,052	\$2,158	\$7,278	\$1,599	\$1,278	\$2,096
Fixed Fee Data Sales	\$415	\$79	\$129	\$236	\$420	\$864	\$74	\$103	\$335
CPM Data Sales	\$334	\$58	\$184	\$156	\$286	\$684	\$355	\$330	\$374
Other Services	\$185	\$62	\$33	\$35	\$9	\$139	\$170	\$15	\$46
<b>Total ('000)</b>	<b>\$5,868</b>	<b>\$1,406</b>	<b>\$2,207</b>	<b>\$2,479</b>	<b>\$2,873</b>	<b>\$8,965</b>	<b>\$2,198</b>	<b>\$1,726</b>	<b>\$2,851</b>
<b>Customer Concentration</b>									
Top Customer 1	34%	23%	28%	37%	n/a	27%	23%	28%	21%
Top Customer 2	13%	21%	26%	20%	n/a	13%	16%	20%	12%
Top Customer 3	0%	11%	0%	0%	n/a	11%	12%	17%	12%
<b>Total</b>	<b>47%</b>	<b>55%</b>	<b>54%</b>	<b>57%</b>		<b>51%</b>	<b>51%</b>	<b>65%</b>	<b>45%</b>

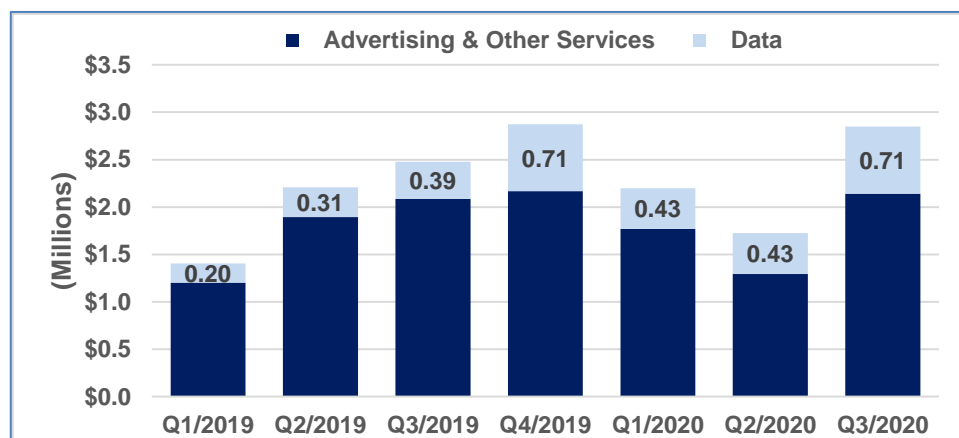
Source: Company Reports; eResearch Corp.

## Cash

As at September 30, 2020, EQ had \$4.7 million in cash compared to \$5.0 million in the previous quarter and only \$0.2 million at the end of Q3/2019. As a buffer, an operating line of credit with one of Canada's major banks was increased to \$1.6 million.

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

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



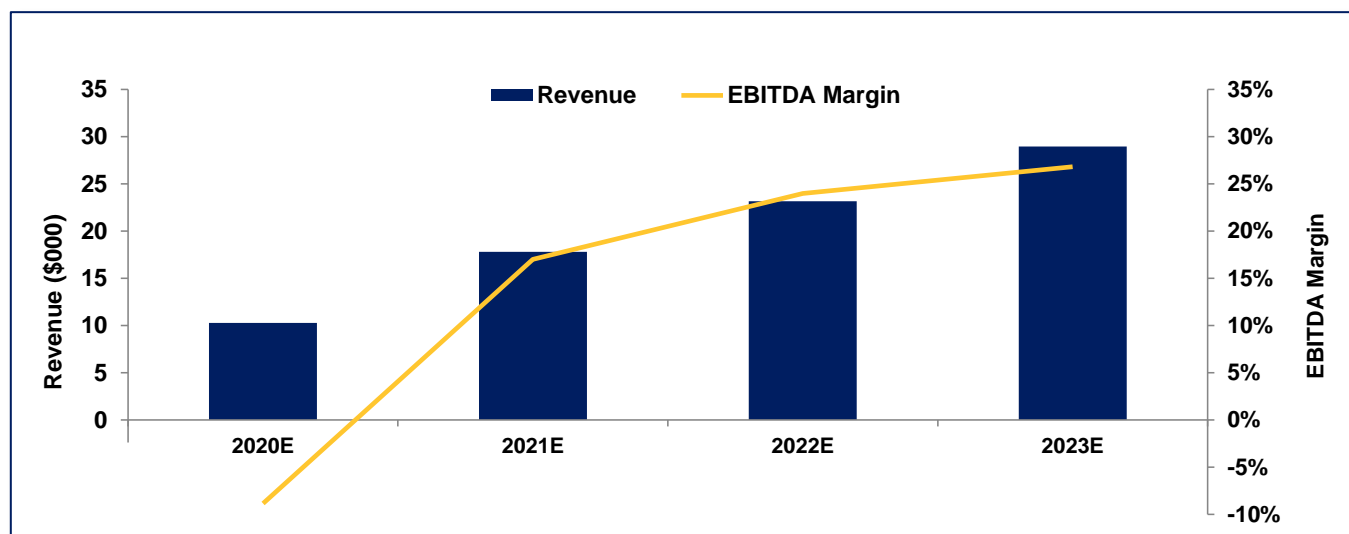
Source: Company Reports; eResearch Corp.

## Guidance

EQ did not provide any guidance for Q4/2020. However, according to the Company's MD&A report, its customer demand appears to have started resuming to "normal levels" during Q3/2020 and is expected to continue into Q4/2020.

**With the restart of the economy and recent news of COVID-19 vaccines, the Company 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 July, EQ announced additional financing of approximately \$5 million as a result of warrants exercised for proceeds of \$3.3 million and a new \$1.6 million credit facility with one of Canada's major banks. The credit facility bears interest at prime plus 2.5% per annum.

Also in July, EQ and Trader Corporation, a digital marketing partner for Canadian automotive retailers and manufacturers, announced the findings of a proprietary automotive consumer study showing consumer intention in the automotive sector during COVID-19.

In August, EQ announced that its proprietary data platform and AI tools helped client Taco Time increase store traffic and capture 300% growth in customer visits.

## Subsequent Events after September 30

In October, EQ announced that a Canadian university had extended an existing contract for a fifth mandate worth an additional \$0.4 million. The university utilizes EQ's platform to identify and engage with the most sought-after students both domestically and internationally.

In November, EQ reported that it was selected by one of the world's largest book publishers to use its geospatial data platform to improve the publisher's e-commerce results in a pandemic consumer economy when the publisher launched 10 new titles nationally across the U.S.

## VALUATION

Currently, EQ is trading in-line when compared with large cap companies in the industry (Appendix C). However, we estimate a high-growth scenario for EQ, which should lead to a premium valuation. For 2020 and 2021, we were estimating a 50% revenue growth rate prior to the COVID-19 crisis; we now estimate a 15% revenue growth rate in 2020 but 73% in 2021 when the economy bounces back from the 2020 revenue low.

In Figure 5 are the revenue growth and gross margin assumptions we use in our model to reach our estimates.

**Figure 5: Model Assumptions**

METRIC	RATE				
	2019A	2020E	2021E	2022E	2023-2026E
Revenue Growth	56%	15%*	73%**	30%	25%
Gross Margins	44%	46%	54%	57%	~60%

\*2020: Reduced Revenue Growth Rate to 12% from 25% due to the impact of COVID-19.

\*\*2021: Maintained 2021 revenue therefore Revenue Growth Rate decreased to 73% from 78% due to slightly higher revenue in Q3/2020.

Source: eResearch Corp.

As EQ had a slightly better Q3/2020, our 2020 revenue estimate increased to \$10.3 million from \$10.0 million.

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

The deal with the U.S. publisher announced in November 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 one quarter. Using a Weighted Average Cost of Capital (WACC) of 10% and a Terminal Multiple of 12x EBITDA in 2025, the one-year target share price estimate is \$2.24.

#### Method 2: Revenue Multiple

We moved the model forward one quarter. Using a revenue multiple of 7x and a one-year forward Revenue estimate of \$16.3 million, the one-year target share price is \$1.82.

The equal-weighted price per share is \$2.03 and we are maintaining the one-year price target at \$2.00.

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

**Figure 6: Target Price (1 Year) Calculation**

			TARGET
Method 1: DCF	WACC:10%	Terminal Multiple:12x EBITDA	\$2.24
Method 2: Revenue Multiple	7.0x	1 Year Fwd Revenue (Est.): \$16.3M	\$1.82
<b>Equal-Weighted Target Price (1 year)</b>			<b>\$2.03</b>

Source: eResearch Corp.

Figure 7: DCF Analysis

EQ Inc. FYE (December 31)							
DCF Analysis (C\$)	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Revenue (\$)	9.0	10.3	17.8	23.2	29.0	36.2	45.3
Revenue Growth	52.8%	14.6%	73.4%	30.1%	25.0%	25.0%	25.0%
EBITDA (\$)	(0.6)	(0.9)	3.0	5.6	7.8	11.0	15.1
EBITDA Growth	n/a	n/a	n/a	83.6%	39.6%	41.2%	37.4%
EBITDA Margin	-7.2%	-8.8%	17.0%	24.0%	26.8%	30.3%	33.3%
Depreciation and Amortization	0.2	0.3	0.0	0.0	0.0	0.0	0.0
EBIT (\$)	(0.8)	(1.2)	3.0	5.5	7.7	10.9	15.0
NOPAT	(1.0)	(1.7)	2.1	4.2	6.1	8.7	12.2
Plus Amortization (\$)	0.2	0.3	0.0	0.0	0.0	0.0	0.0
Less Capital Expenditures (\$)	(0.4)	(0.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Capital Intensity	4.5%	4.8%	0.1%	0.1%	0.0%	0.0%	0.0%
Net Working Capital Changes	(0.4)	(2.7)	(1.5)	(1.3)	(1.6)	(2.0)	(2.5)
EPS (Continuing)	(0.04)	(0.03)	0.03	0.06	0.09	0.13	0.18
<b>Unlevered Free Cash Flow (\$)</b>	<b>(1.6)</b>	<b>(4.6)</b>	<b>0.6</b>	<b>3.0</b>	<b>4.5</b>	<b>6.8</b>	<b>9.7</b>
PV of Unlevered FCFs (\$)	(1.8)	(4.6)	0.5	2.5	3.3	4.6	6.0

**Valuation Assumptions:**

Discount Rate	10.0%
Terminal Multiple	12.0x

**Valuation Analysis:**

	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	12.3	18.6	19.8
Terminal Value (\$M)	180.8	180.8	180.8
PV of Terminal Value (\$M)	111.1	122.2	134.5
Net (debt) cash position	4.3	5.2	8.6
<b>Total Value (\$M)</b>	<b>127.8</b>	<b>146.0</b>	<b>162.9</b>
DCF Value/Share (C\$)	<b>C\$1.96</b>	<b>C\$2.24</b>	<b>C\$2.50</b>
DCF Value/Share (US\$)	<b>US\$1.51</b>	<b>US\$1.72</b>	<b>US\$1.92</b>
FD Shares O/S (M)	65.1	65.1	65.1

Source: Company Reports; eResearch Corp.

Figure 8: Sensitivity Chart – Discount Rate and Terminal EV/EBITDA Multiple

	Discount Rate	Terminal EV/EBITDA Multiplier						
		9.00	10.00	11.00	12.00	13.00	14.00	15.00
	6.0%	2.03	2.22	2.40	2.58	2.76	2.94	3.13
	8.0%	1.90	2.07	2.23	2.40	2.57	2.74	2.91
	10.0%	1.77	1.93	2.09	<b>2.24</b>	2.40	2.55	2.71
	12.0%	1.66	1.80	1.95	2.09	2.24	2.39	2.53
	14.0%	1.56	1.69	1.83	1.96	2.10	2.23	2.37
	16.0%	1.46	1.59	1.71	1.84	1.96	2.09	2.22

Source: Company Reports; eResearch Corp.



## APPENDIX A: Investment Thesis – Why Invest in EQ Inc.

### LEADER AND INNOVATOR IN LOCATION-BASED ANALYTICS AND SOLUTIONS

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

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

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

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

### STRONG REVENUE GROWTH AND AN INCREASING SOLUTIONS PORTFOLIO

EQ's business growth centres on its SaaS online advertising platform. **Revenue growth in 2019 was over 52%, reaching \$9.0 million in annual sales with data revenue growing at 73% year-over-year.** In addition, EQ added 62 new clients during 2019 and 33 new clients during the first nine months of 2020. New data integrations enabled EQ audience segments to be exported to hundreds of external media and data platforms.

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

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

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

### ORGANIC AND INORGANIC GROWTH STRATEGY

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

### EXPERIENCED MANAGEMENT TEAM

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

## APPENDIX B: FINANCIAL STATEMENTS

Figure 9: Income Statement

EQ Inc. Income Statement - FYE (December 31)	2018A	2019A	Q120A	Q220A	Q320A	Q420E	2020E	2021E	2022E
<b>Total Revenue</b>	<b>5,868</b>	<b>8,965</b>	<b>2,198</b>	<b>1,726</b>	<b>2,851</b>	<b>3,500</b>	<b>10,275</b>	<b>17,819</b>	<b>23,177</b>
<b>Total Cost of Sales</b>	3,137	5,015	1,258	1,093	1,437	1,785	5,573	8,138	9,966
<b>Gross Profit</b>	<b>2,731</b>	<b>3,950</b>	<b>940</b>	<b>633</b>	<b>1,414</b>	<b>1,715</b>	<b>4,702</b>	<b>9,681</b>	<b>13,211</b>
Sales & Marketing	-	-	-	-	-	-	-	-	-
General and Administrative	2,383	3,026	953	779	1,032	1,050	3,814	4,881	5,794
Other operating costs	1,498	1,726	436	448	493	420	1,797	1,771	1,854
Stock Based Compensation	-	-	9	125	277	130	541	659	858
Depreciation of Property & Equipment	46	130	34	36	35	12	117	40	30
<b>Total Operating Expenses</b>	<b>3,986</b>	<b>4,926</b>	<b>1,443</b>	<b>1,459</b>	<b>1,908</b>	<b>1,613</b>	<b>6,423</b>	<b>7,355</b>	<b>8,540</b>
<b>Operating Income</b>	<b>(1,255)</b>	<b>(976)</b>	<b>(503)</b>	<b>(826)</b>	<b>(494)</b>	<b>102</b>	<b>(1,721)</b>	<b>2,326</b>	<b>4,671</b>
<b>Total Other Income</b>	<b>(645)</b>	<b>(938)</b>	<b>(149)</b>	<b>(123)</b>	<b>(133)</b>	<b>(134)</b>	<b>(539)</b>	<b>(516)</b>	<b>(468)</b>
<b>EBT</b>	<b>(1,900)</b>	<b>(1,914)</b>	<b>(652)</b>	<b>(949)</b>	<b>(627)</b>	<b>(32)</b>	<b>(2,260)</b>	<b>1,810</b>	<b>4,203</b>
<b>Income Taxes</b>	70	-	-	-	-	3	3	(181)	(420)
<b>Net Income (Loss)</b>	<b>(1,830)</b>	<b>(1,914)</b>	<b>(652)</b>	<b>(949)</b>	<b>(627)</b>	<b>(29)</b>	<b>(2,257)</b>	<b>1,629</b>	<b>3,782</b>
<b>EPS</b>									
Basic EPS	(0.05)	(0.04)	(0.01)	(0.02)	(0.01)	(0.00)	(0.04)	0.03	0.06
Diluted EPS	(0.05)	(0.04)	(0.01)	(0.01)	(0.01)	(0.00)	(0.03)	0.03	0.06
<b>Shares Outstanding</b>									
Shares Outstanding, Basic	40,034	48,331	54,917	55,114	58,905	58,905	58,905	58,905	58,905
Shares Outstanding, Diluted	40,034	48,331	48,331	65,442	65,691	65,124	65,124	65,124	65,124

Source: Company Reports; eResearch Corp.



Figure 10: Balance Sheet

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

Source: Company Reports; eResearch Corp.

Figure 11: Cash Flow Statement

EQ Inc. Cash Flow Statement - FYE (December 31)	2018A	2019A	Q120A	Q220A	Q320A	Q420E	2020E	2021E	2022E
<b>Cash Provided By Operating Activities</b>									
Net Income (Loss)	(1,830)	(1,914)	(652)	(949)	(627)	(29)	(2,257)	1,629	3,782
Amortization of Intangibles	59	44	11	71	71	1	154	4	4
Depreciation of Property & Equipment	46	130	34	36	35	12	117	40	30
Stock Based Compensation Expense	56	155	9	125	277	130	541	659	858
<b>Changes in Non-Cash Working Capital</b>									
Account & Other Receivables	(101)	107	(214)	39	(872)	(726)	(1,773)	(1,712)	(1,442)
Investment/Income Tax Credits	-	-	-	-	-	(214)	(214)	(59)	(56)
Prepaid Expenses & Other Current Assets	(27)	(73)	(161)	277	(113)	54	57	(33)	(34)
Accounts Payable & Other Payables	(25)	(127)	267	(304)	867	(1,574)	(744)	225	234
Deferred (Unbilled) Revenue	(66)	(324)	-	-	-	39	39	48	41
<b>Total Cash Provided By Operating Activities</b>	<b>(1,385)</b>	<b>(1,044)</b>	<b>(657)</b>	<b>(650)</b>	<b>(132)</b>	<b>(2,308)</b>	<b>(3,747)</b>	<b>801</b>	<b>3,417</b>
<b>Investing Activities</b>									
Purchase of Property & Equipment	(28)	(30)	(64)	-	-	(2)	(66)	(15)	(12)
Purchase of Intangibles	-	(375)	(125)	(150)	(150)	(1)	(426)	(4)	(4)
Business Acquisition	213	169	(850)	-	-	-	(850)	-	-
Redemption of Short-Term Investments & Restricted Cash	-	(744)	-	-	-	-	-	-	-
<b>Total Cash From Investing Activities</b>	<b>186</b>	<b>(978)</b>	<b>(1,038)</b>	<b>(150)</b>	<b>(146)</b>	<b>(3)</b>	<b>(1,337)</b>	<b>(19)</b>	<b>(15)</b>
<b>Financing Activities</b>									
Proceeds from Loan	-	183	-	80	-	-	80	-	-
Operating Line (Repayment)	-	-	(1)	(1)	2	-	-	-	-
Repayment of Loan	(1,875)	(430)	(47)	(46)	(49)	(39)	(181)	(150)	(138)
Issue/Repurchase of Equity	1,604	5,112	-	-	-	-	-	-	-
Proceeds from exercise of Stock Options and Warrants	1,150	283	-	3,770	2	-	3,772	-	-
<b>Total Cash From Financing Activities</b>	<b>879</b>	<b>5,148</b>	<b>(48)</b>	<b>3,803</b>	<b>(45)</b>	<b>(39)</b>	<b>3,671</b>	<b>(150)</b>	<b>(138)</b>
<b>Effect of Exchange Rates on Cash</b>	<b>13</b>	<b>(19)</b>	<b>48</b>	<b>(17)</b>	<b>(8)</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash</b>	<b>(307)</b>	<b>3,107</b>	<b>(1,695)</b>	<b>2,986</b>	<b>(331)</b>	<b>(2,350)</b>	<b>(1,390)</b>	<b>632</b>	<b>3,263</b>
<b>Beginning Cash</b>	<b>891</b>	<b>584</b>	<b>3,691</b>	<b>1,996</b>	<b>4,982</b>	<b>4,651</b>	<b>3,691</b>	<b>2,301</b>	<b>2,933</b>
<b>Ending Cash</b>	<b>584</b>	<b>3,691</b>	<b>1,996</b>	<b>4,982</b>	<b>4,651</b>	<b>2,301</b>	<b>2,301</b>	<b>2,933</b>	<b>6,195</b>

Source: Company Reports; eResearch Corp

## APPENDIX C: ADTECH &amp; BUSINESS INTELLIGENCE COMPARABLES

Figure 12: U.S. and Canadian Comparables

Name	Ticker	Nov 24 Close (US\$)	Mkt Cap (US\$ M)	EV (US\$ M)	REVENUE (US\$ M)			EBITDA (US\$ M)			EV/Revenue			EV/EBITDA		
					2019A	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
<b>US Comps - Large Cap</b>																
Accenture plc	NYSE:ACN	\$250.00	\$158,391	\$153,866	\$43,968	\$44,413	\$46,484	\$7,068.9	\$8,292	\$8,804	3.5x	3.5x	3.3x	21.8x	18.6x	17.5x
Adobe Inc.	NasdaqGS:ADBE	\$462.70	\$221,966	\$221,428	\$11,171	\$12,808	\$14,768	\$3,833.9	\$6,177	\$7,223	19.8x	17.3x	15.0x	57.8x	35.8x	30.7x
Alphabet Inc.	Nasdaq:GOOG.L	\$1,763.90	\$1,193,148	\$1,088,094	\$161,857	\$178,598	\$213,952	\$48,133.0	\$63,262	\$76,476	6.7x	6.1x	5.1x	22.6x	17.2x	14.2x
Facebook, Inc.	Nasdaq:FB	\$276.92	\$788,749	\$744,273	\$70,697	\$83,587	\$103,796	\$29,727.0	\$43,989	\$51,434	10.5x	8.9x	7.2x	25.0x	16.9x	14.5x
LiveRamp Holdings, Inc.	NYSE:RAMP	\$55.32	\$3,668	\$3,035	\$353	\$384	\$431	-\$167.4	\$0	\$25	8.6x	7.9x	7.0x	10802.9x	119.8x	
The Trade Desk, Inc.	Nasdaq:TTD	\$844.10	\$39,643	\$39,397	\$661	\$808	\$1,071	\$128.4	\$249	\$338	59.6x	48.8x	36.8x	306.9x	158.3x	116.5x
Verizon Communications Inc.	NYSE:VZ	\$60.64	\$250,934	\$381,890	\$131,868	\$128,263	\$132,898	\$48,203.0	\$46,835	\$48,570	2.9x	3.0x	2.9x	7.9x	8.2x	7.9x
<b>US Comps - Mid Cap</b>																
Criteo S.A.	NasdaqGS:CRTO	\$18.88	\$1,137	\$850	\$2,262	\$800	\$782	\$247.1	\$230	\$214	0.4x	1.1x	1.1x	3.4x	3.7x	4.0x
Digital Turbine, Inc.	NasdaqCM:APPS	\$37.85	\$3,357	\$3,350	\$127	\$138	\$274	\$12.9	\$53	\$75	26.5x	24.3x	12.2x	259.1x	62.7x	44.5x
Fluent, Inc.	Nasdaq:FLNT	\$3.27	\$250	\$286	\$282	\$314	\$344	\$22.0	\$41	\$45	1.0x	0.9x	0.8x	13.0x	7.0x	6.3x
Marchex, Inc.	Nasdaq:MCHX	\$2.18	\$84	\$50	\$106	\$88	\$50	\$1.2	-\$10	-\$11	0.5x	0.6x	1.0x	41.8x		
QuinStreet, Inc.	Nasdaq:QNST	\$17.79	\$941	\$856	\$483	\$480	\$526	\$22.6	\$38	\$48	1.8x	1.8x	1.6x	38.0x	22.3x	17.9x
Magnite, Inc.	NASDAQ:MGNI	\$17.73	\$1,985	\$1,927	\$156	\$219	\$261	-\$3.0	\$35	\$50	12.3x	8.8x	7.4x		54.9x	38.5x
TechTarget, Inc.	Nasdaq:TTGT	\$53.41	\$1,501	\$1,490	\$134	\$145	\$159	\$27.7	\$49	\$55	11.1x	10.3x	9.4x	53.7x	30.5x	26.9x
<b>US Comps - Small Cap</b>																
Harte Hanks, Inc.	OTCPK:HRTH	\$2.40	\$16	\$35	\$218	\$174	\$164	-\$10.2	\$4	\$8	0.2x	0.2x	0.2x		9.6x	4.5x
Inuvo, Inc.	AMEX:INUV	\$0.36	\$35	\$36	\$62	\$44	\$53	-\$4.1	-\$3	\$0	0.6x	0.8x	0.7x			
Marin Software Incorporated	Nasdaq:MRIN	\$2.24	\$20	\$26	\$49	\$0	\$0	-\$13.7	\$0	\$0	0.5x					
Mobiquity Technologies, Inc.	OTCPK:MOBQ	\$6.10	\$0	\$9	\$10	\$0	\$0	-\$11.9	\$0	\$0	0.9x					
SRAX, Inc.	Nasdaq:SRAX	\$2.87	\$46	\$47	\$4	\$8	\$16	-\$17.6	-\$9	-\$5	13.0x	5.7x	2.9x			
<b>Mean</b>											<b>5.5x</b>	<b>5.1x</b>	<b>4.9x</b>	<b>8.1x</b>	<b>11.6x</b>	<b>10.8x</b>
<b>Median</b>											<b>3.5x</b>	<b>5.7x</b>	<b>3.3x</b>	<b>31.5x</b>	<b>20.4x</b>	<b>17.7x</b>

Name	Ticker	Nov 24 Close (C\$)	Mkt Cap (C\$ M)	EV (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
					2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
<b>EQ Inc.</b>	<b>TSXV:EQ</b>	<b>\$1.34</b>	<b>\$79</b>	<b>\$76</b>	<b>\$9.0</b>	<b>\$10</b>	<b>\$18</b>	<b>-\$0.6</b>	<b>-\$0.1</b>	<b>\$3.0</b>	<b>8.5x</b>	<b>7.4x</b>	<b>4.3x</b>			<b>25.2x</b>
<b>Canadian Comps</b>																
AcuityAds Holdings Inc.	TSX:AT	\$6.89	\$350.3	\$359.6	\$119.1	\$104.8	\$130.5	\$1.5	\$14.2	\$19.3	3.0x	3.4x	2.8x	232.4x	25.4x	18.6x
Adcore Inc.	TSXV:ADCO	\$0.59	\$33.2	\$28.8	\$11.3	\$0.0	\$0.0	\$3.5	\$0.0	\$0.0	2.6x			8.3x		
Aquarius AI Inc.	TSXV:AQUA	\$0.11	\$2.5	\$13.9	\$8.4	\$0.0	\$0.0	-\$16.9	\$0.0	\$0.0	1.7x					
Engagement Labs Inc.	TSXV:EL	\$0.03	\$5.9	\$5.4	\$4.1	\$0.0	\$0.0	-\$3.0	\$0.0	\$0.0	1.3x					
Frankly Inc.	TSXV:TLK	\$0.44	\$14.6	\$12.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0						
Killi Ltd.	TSXV:MYID	\$0.13	\$35.2	\$34.4	\$3.5	\$0.0	\$0.0	-\$7.0	\$0.0	\$0.0	10.0x					
Loop Insights Inc.	TSXV:MTRX	\$0.74	\$80.7	\$81.0	\$0.0	\$0.0	\$0.0	-\$6.4	\$0.0	\$0.0						
YANGAROO Inc.	TSXV:YOO	\$0.14	\$8.5	\$6.5	\$7.4	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	0.9x			113.0x		
Yellow Pages Limited	TSX:Y	\$12.85	\$358.9	\$388.4	\$403.2	\$334.7	\$286.0	\$128.3	\$129.5	\$105.1	1.0x	1.2x	1.4x	3.0x	3.0x	3.7x
Zoomd Technologies Ltd.	TSXV:ZOMD	\$0.29	\$27.5	\$25.3	\$27.1	\$0.0	\$0.0	-\$1.5	\$0.0	\$0.0	0.9x					
<b>Mean</b>											<b>2.7x</b>	<b>2.3x</b>	<b>2.1x</b>	<b>5.6x</b>	<b>3.0x</b>	<b>11.2x</b>
<b>Median</b>											<b>1.5x</b>	<b>2.3x</b>	<b>2.1x</b>	<b>60.6x</b>	<b>14.2x</b>	<b>11.2x</b>

Source: S&amp;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](http://www.eresearch.com)

**NOTE:** eResearch company reports are available FREE on our website: [www.eresearch.com](http://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](http://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.