



## EQ Inc. Third Quarter Revenue Increases by 115% Year over Year

TORONTO, ON (November 21, 2017) - EQ Inc. (TSXV: EQ) ("EQ Works" or the "Company"), North America's leader in mobile location-based data, today announced its financial results for the third quarter ended September 30, 2017.

Revenue for the third quarter grew significantly to \$1.6 million, an increase of 115% from the same period a year ago and an increase of 10% from the second quarter of 2017. The adjusted EBITDA loss for the third quarter was substantially improved and reduced to approximately \$0.1 million, an improvement of 76% from the same quarter last year and an improvement of 47% from the previous quarter.

"Our investment in sales and marketing and the constant improvement in mobile location-based targeting has continued to fuel our growth " said Geoffrey Rotstein, President and CEO of EQ Works. "Through EQ's proprietary location behavior platform, the ability to target an audience based on where people go in the real world and connect with that audience through digital channels has been a huge step forward for marketers. With matching learning algorithms and advanced AI solutions to continually optimize those target segments, location behavior solutions can drive performance metrics that deliver superior results."

EQ has added over 40 new portfolio clients for the first 9 months of 2017 which demonstrates how well our technology is being received. "We are just at the beginning of the growth stage for location behavior technologies and momentum is building. We are pleased with the results for the third quarter, but remain focused on continuing to build our platform and our brand to take advantage of this market opportunity and continue to develop new business relationships and market penetration opportunities."

### Highlights for the Third Quarter ended September 30, 2017

- Increased revenue by 115% compared to the same period a year ago and 10% when compared to the second quarter of 2017
- Improved gross profit resulting in \$0.7 million for the third quarter of 2017, compared with \$0.4 million in the same period of 2016
- Added over 40 new portfolio clients during the year
- Signed new data partnership to provide some of the most comprehensive data for Canadians

### Non-IFRS Financial Measures

We measure the success of our strategies and performance based on Adjusted EBITDA, which is outlined and reconciled with net income (loss) in the section entitled "Reconciliation of Net Loss for the period to Adjusted EBITDA" in the MD&A. The Company defines Adjusted EBITDA as net income (loss) from operations before; (a) depreciation of property and equipment and amortization of domain properties



and other intangible assets; (b) share-based payments, (c) restructuring, (d) impairment of goodwill and domain properties and other intangible assets, (e) Income tax expense and recovery, (f) finance income and costs, net, (g) gain from extension of loan and borrowings (h) loss on derivative liability . Management uses Adjusted EBITDA as a measure of the Company's operating performance because it provides information related to the Company's ability to provide operating cash flows for working capital requirements, capital expenditures, and potential acquisitions. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in its industry.

The non-IFRS financial measure is used in addition to and in conjunction with results presented in the Company's consolidated financial statements prepared in accordance with IFRS and should not be relied upon to the exclusion of IFRS financial measures. Management strongly encourages investors to review the Company's consolidated financial statements in their entirety and to not rely on any single financial measure. Because non-IFRS financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar names. In addition, the Company expects to continue to incur expenses similar to the non-IFRS adjustments described above, and exclusion of these items from the Company's non-IFRS measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

The table below reconciles net loss from operations and Adjusted EBITDA for the periods presented:

**Adjusted EBITDA for the three and nine months ended September 30, 2017 and 2016**

(In thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net loss	(291)	(359)	(1,000)	(1,108)
Add:				
Finance costs, net	158	185	443	318
Depreciation expenses	10	3	20	10
Amortization of domain properties and other intangible assets	34	30	110	90
Share-based payments	12	-	25	-
Gain from extension of loans and borrowings	-	(179)	(80)	(179)
Gain on sale of investment	-	-	-	(201)
<b>Adjusted EBITDA</b>	<b>(77)</b>	<b>(320)</b>	<b>(482)</b>	<b>(1,070)</b>

**About EQ Works**

EQ Works ([www.eqworks.com](http://www.eqworks.com)) provides a smarter way to target customers. Using first-party, location-based behavior signals, advanced data analytics, and proprietary software, EQ creates and targets customized, performance-boosting audience segments. Proprietary algorithms and data generate



**Non-current assets:**

Leasehold Improvements	90	-
Property and equipment	47	8
Domain properties and other intangible assets	11	121
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	148	129

<b>Total assets</b>	<b>\$</b>	<b>2,098</b>	<b>\$</b>	<b>1,308</b>
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**Liabilities and Shareholders' Deficiency****Current liabilities:**

Accounts payable and accrued liabilities	\$	1,578	\$	1,892
Deferred lease inducement		-		63
Loans and borrowings		2,331		268
Deferred revenue		14		7
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		3,923		2,230

**Non-current liabilities:**

Loans and borrowings		613		2,421
		<hr/>		<hr/>
		613		2,421

Shareholders' deficiency		(2,438)		(3,343)
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<b>Total liabilities and shareholders' deficiency</b>	<b>\$</b>	<b>2,098</b>	<b>\$</b>	<b>1,308</b>
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EQ Inc.

**Unaudited Consolidated Interim Statements of Loss and Comprehensive Loss**

**(In thousands of Canadian dollars, except per share amounts)**

**Three and nine months ended September 30, 2017 and 2016**

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenue	\$ 1,575	\$ 731	\$ 3,895	\$ 2,409
Expenses:				
Publishing costs	847	369	2,092	1,195
Employee compensation and benefits	486	411	1,451	1,236
Other operating expenses	331	271	859	1,048
Depreciation of leasehold and equipment	10	3	20	10
Amortization of domain properties and other intangible assets	34	30	110	90
	1,708	1,084	4,532	3,579
<b>Loss from operations</b>	<b>(133)</b>	<b>(353)</b>	<b>(637)</b>	<b>(1,170)</b>



Finance income	27	-	57	48
Realized gain on sale of investment	-	-	-	201
Gain from extension of loans and borrowings	-	179	80	179
Finance costs	(185)	(185)	(500)	(366)
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Loss before income taxes	(291)	(359)	(1,000)	(1,108)
Net loss	(291)	(359)	(1,000)	(1,108)
 Other comprehensive income reclassified to profit or loss in subsequent periods, (net of tax):				
Net loss on sale of investment	-	-	-	(201)
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<b>Total comprehensive loss for the period</b>	<b>(291)</b>	<b>(359)</b>	<b>(1,000)</b>	<b>(1,309)</b>
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Loss per share:				
Basic and diluted	(0.01)	(0.02)	(0.05)	(0.07)

**EQ Inc.**

**Unaudited Consolidated Interim Statements of Cash Flows**

**(In thousands of Canadian dollars)**

**Nine months ended September 30, 2017 and 2016**



	2017	2016
Cash flows used in operating activities:		
Net loss	(1,000)	(1,108)
Adjustments to reconcile net loss to net cash flows		
from operating activities:		
Depreciation of leasehold and equipment	20	10
Amortization of domain properties and other intangible assets	110	90
Amortization of deferred lease inducement	(63)	(15)
Gain on extension of loans and borrowings	(80)	(179)
Share-based payments	25	-
Unrealized foreign exchange (gain) loss	9	(6)
Finance costs, net	495	308
Gain on sale of investment	-	(201)
Change in non-cash operating working capital	(499)	(151)
Net cash used in operating activities	(983)	(1,252)
Cash flows from financing activities:		
Repayment of term-loan	-	(102)
Repayment of loans and borrowings	(765)	-
Loans and borrowings	765	1,155
Proceeds from exercise of warrants	672	-
Proceeds from private placement, net of issuance cost	1,057	-
Interest paid	(8)	(10)



Net cash from financing activities	1,721	1,043
Cash flows from (used) in investing activities:		
Proceeds from disposal of investment	-	251
Leasehold improvements	(91)	-
Purchase of property and equipment	(58)	(5)
Net cash from (used) in investing activities	(149)	246
Increase in cash	589	37
Foreign exchange gain (loss) on cash held in foreign currency	(9)	6
Cash, beginning of the period	151	115
<b>Cash, end of period</b>	<b>\$ 731</b>	<b>\$ 158</b>