



EQ Inc. Reports First Quarter Financial Results

Revenue improved by 60% year over year

TORONTO, ON (May 24, 2019) - EQ Inc. (TSXV: EQ) ("EQ Works" or the "Company"), North America's leader in location behaviour data and intelligence, announced its financial results today for the quarter ended March 31, 2019.

Revenue for the first quarter increased by over 60%, to approximately \$1.4 million, when compared to the first quarter of 2018. This increase is due in large part to the new data revenue stream that increased by over 90% when compared to the same period in 2018. Gross margin increased to 52%, an improvement of 4% compared to the same quarter a year ago, again as a result of the increase in data revenue. The adjusted EBITDA loss for the quarter was approximately \$0.37 million, consistent with the same period a year ago, as the result of significant investments in the proprietary systems, algorithms and platforms that collect and utilize data to help brands better understand and engage with their audience.

Subsequent to quarter end, the Company secured a revolving credit facility (the "Facility") with the Bank of Montreal ("BMO"). Borrowings under this Facility are secured by accounts receivable and bear interest at the bank's prime rate plus 2.5% per annum.

"In what is typically a slow quarter for our organization, we are pleased to show a 60% increase in revenue and more importantly continued traction in our data business," said Geoffrey Rotstein, President and CEO of EQ Works. "Data is the currency of the future and our proprietary systems allow companies to utilize data sets that have never before been accessible through digital channels. The market is growing and we are quickly establishing ourselves as a market leader."

Highlights for the First Quarter ended March 31, 2019

- Increased data revenue by 90% as compared to the first quarter of 2018
- Completed the second tranche of equity financings
- Added 18 new clients to the EQ portfolio during the first quarter of 2019
- Implemented new DMP integrations allowing for EQ segments to be exported to hundreds of new external media and data platforms



Non-IFRS Financial Measures

EQ Works measures the success of the Company's 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 intangible assets, (b) share-based payments, (c) finance income and costs, net, and (d) depreciation of right-to-use assets. Management uses Adjusted EBITDA as a measure of the Company's operating performance because it provides information on 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 three months ended March 31, 2019 and 2018

(In thousands of Canadian dollars)	2019	2018
Net loss	(525)	(568)
Add:		
Finance costs, net	55	166
Depreciation of property and equipment	13	10
Depreciation of right-to-use asset	42	-
Amortization of intangible assets	11	-
Share-based payments	29	3
Adjusted EBITDA	(375)	(389)

About EQ Works

EQ Works (www.eqworks.com) provides a smarter way to target customers. Using first-party, location-based behaviour signals, advanced data analytics, and proprietary software, EQ creates and targets customized, performance-boosting audience segments. Proprietary algorithms and data generate attribution models that connect consumer behaviour in the physical world to consumer behaviour in the digital world, solving complex challenges for brands and agencies.

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Neither the TSX-V nor its Regulation Services Provider (as that term is defined in policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

Certain statements contained in this press release constitute “forward-looking statements”. All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company’s future financial position and results of operations, strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “plan”, “continue”, “will”, “may”, “would”, “anticipate”, “estimate”, “forecast”, “predict”, “project”, “seek”, “should” or similar expressions, or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company’s expectations, estimates, and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks, and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-



looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, the risk factors discussed in the Company's MD&A for the three months ended March 31, 2019. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives but cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and any other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

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