EQ INC.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2021

November 19, 2021

EQ Inc.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

The following discussion and analysis of the financial condition and results of EQ Inc. (also referred to as "we", "us", "our", "EQ", "EQ Works", or the "Company"), prepared as of November 19, 2021, has been reviewed and approved by the Company's Board of Directors, on the recommendation of its Audit Committee, prior to filing. It should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("interim financial statements") as at and for the three and nine months ended September 30, 2021, and notes, comprising a summary of significant accounting policies and other explanatory information, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.eqworks.com.

Certain statements in this MD&A may constitute forward-looking information, including future-oriented financial information and financial outlooks, within the meaning of applicable securities laws. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Company, including as they relate to its financial results, its ability to execute on its investing and business strategies and the effect of the COVID-19 pandemic on the Company's business and operations. In some cases, forward-looking statements can be identified by terms such as "could", "expect", "may", "will", "anticipate", "believe", "intend", "estimate", "plan", "potential", "project" or other expressions concerning matters that are not historical facts. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance, achievements or developments of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements, by their nature, are based on certain assumptions regarding expected growth, management's current plans, estimates, projections, beliefs, opinions, and business prospects and opportunities (collectively, the "Assumptions"). While the Company considers these Assumptions to be reasonable, based on the information currently available, they may prove to be incorrect.

It is important to note that:

- *There is no assurance that any forward-looking statements will materialize.*
- *The results or events predicted herein may differ from actual results or events.*
- *Unless otherwise indicated, forward-looking statements describe expectations as of November 19, 2021.*
- *The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required to do so under applicable securities laws.*

Many risks, uncertainties including the availability of financing on reasonable terms, general business and economic conditions. However, given the evolving circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the adverse impact of the pandemic will be on the global and domestic economy, the business, operations and financial position of the

Company's clients and other factors could cause the actual results of the Company to differ materially from the results, performance, achievements, or developments expressed or implied by such forward-looking statements. These risks, uncertainties, and other factors include, but are not limited to, the following: overall economic conditions, rapid technological changes, dependence on the internet, concentration of revenues with a small number of customers, demand for the Company's product, the introduction of competing technologies, competitive pressures, network restrictions, fluctuations in foreign currency exchange rates, and other similar factors that may cause the actual results, performance, achievements or developments of the Company to differ materially from the results, performance, achievements or events expressed or implied by such forward-looking statements. Additional information concerning risks and uncertainties affecting the Company's business and other factors that could cause financial results to fluctuate is set forth below in "Risks and Uncertainties Affecting the Company's Business," as well as elsewhere herein. It can also be found in the Company's filings with Canadian securities regulatory authorities. Readers are cautioned not to place undue reliance on such statements. The Company does not intend and disclaims any obligation to update or revise any forward-looking statements at any particular time whether as a result of new information, future events or otherwise unless required to do so under applicable securities laws. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. In addition, the effects of COVID-19, including the duration, spread and severity of the pandemic, create additional risks and uncertainties for the Company. In particular, the impact of the virus and government authorities' and public health officials' responses thereto may affect: the Company's actual results, performance, prospects or opportunities; domestic and global credit and capital markets and our ability to access capital on favourable terms, or at all; and the health and safety of our employees.

All of the forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statements. Investors should read this entire MD&A and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

OVERVIEW

The Company enables businesses to better understand, predict, and influence customer behaviour. Using unique data sets, advanced analytics, machine learning, and artificial intelligence, the Company creates actionable intelligence that businesses can use to attract, retain, and grow the customer bases that matter most. Through its proprietary SAAS technology platforms, LOCUS and ATOM, as well as its new consumer facing application Paymi, the Company is able to ingest, enrich, analyze, and action large quantities of data.

LOCUS, a proprietary automated data-processing technology, enables the Company to manage data at scale and enrich that data with proprietary first-party and third-party data sets. Utilizing machine learning and AI technology, this SAAS platform mines insights from movement and geospatial data, enabling businesses to close the loop between digital and real-world consumer actions.

ATOM, a proprietary programmatic media buying platform, enables the Company to purchase targeted media for its clients to influence consumer behaviour. Focusing specifically on mobile networks, ATOM allows clients to target its advertising initiatives through various demographic, geographic, and behavioural profiles.

Paymi, a cloud-based marketing platform that uses card linking technology to enable consumers to receive cash-back rewards for credit and debit card transactions and offer merchant partners the ability to understand more about their customers to drive greater sales and increase market share, was a recent acquisition of the Company which provided entry to the incentive and loyalty data market. By ingesting consumer transactions, Paymi creates aggregate, real-time, privacy centric, and anonymized customer spending profiles which offer our merchant partners a better understanding of their customers. This proprietary zero party data can be incorporated into the LOCUS platform to provide deeper actionable insights and offer direct-to-consumer clients a simple means to incentivize new customers.

The Company markets these platforms to customers to democratize an otherwise managed à la carte service into a convenient, transparent, and customizable self-service platform. Customers targeted are typically medium to large scale businesses, with physical locations, advertising agencies, and research firms who want to better understand their customers and potential customers.

DISCUSSION OF OPERATIONS

Operating Highlights and Significant Developments for the three and nine months ended September 30, 2021, and to the date of this report include the following:

On January 19, 2021, the Company announced that it repaid in full the original principal amount of the 2019 Notes. Following the repayment of the 2019 Notes, the Corporation settled all of its outstanding debt. At the time of repayment of the 2019 Notes, all issued and outstanding 2019 Bonus Warrants were exercised for aggregate proceeds of $1.4 million. The Corporation used the proceeds from the 2019 Bonus Warrants as partial repayment for the amounts owed under the 2019 Notes.

On January 21, 2021, the Company announced new commitments for data-driven marketing projects totaling more than $4 million for 2021. After successful proofs of concept in 2020, the Company's clients have agreed to spend a minimum of $4 million on new projects in 2021 that incorporate EQ's data analysis and insight tools as well as its targeted media buying platform.

On February 3, 2021, the Company announced it was commencing an overnight marketed prospectus offering (the "2021 Offering") of common shares (the "Offered Securities") at a price per Offered Security to be determined in the context of the market. Canaccord Genuity Corp., as sole bookrunner, and Echelon Wealth Partners Inc. co-led the syndicate of underwriters for the Offering, which included Eight Capital and Desjardins Securities Inc. (together, the "Underwriters").

On February 4, 2021, the Company entered into an underwriting agreement (the "Underwriting Agreement") with the Underwriters and announced the pricing of its previously announced 2021 Offering, of an aggregate of 6,250,000 Offered Securities at a price of $1.60 per Offered Security for aggregate gross proceeds of approximately $10 million. The Offered Securities were offered by way of a short form prospectus filed in each of the Provinces of Canada, other than Québec, and in the United States on a private placement basis to "qualified institutional buyers" pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, and by private placement to eligible purchasers resident in jurisdictions other than

Canada and the United States. The Company granted the Underwriters a 30-day option to purchase up to an additional 937,500 Offered Securities, representing 15% of the Offered Securities pursuant to the proposed Offering on the same terms and conditions for market stabilization purposes and to cover overallotments.

On February 19, 2021, the Company announced the closing of the 2021 Offering for aggregate gross proceeds of $11.5 million, which included the full exercise of the over-allotment option granted to the Underwriters. The Company intends to use the net proceeds of the 2021 Offering to further develop its proprietary SaaS platform, expand its artificial intelligence and machine learning practices, increase marketing and branding initiatives, further other research and development, expand into the United States, and for working capital and general corporate purposes.

On July 5, 2021, the Company announced the closing of its acquisition of all of the issued and outstanding shares of Paymi for an aggregate purchase price of $2.5 million. As a result of the Acquisition, Paymi is now a wholly-owned subsidiary of the Company. In addition to a customary working capital adjustment, the purchase price payable on the closing of the Acquisition was $2.5 million payable in cash, of which $2 million was paid in a manner directed by Paymi and $0.5 million will be placed into escrow for indemnity purposes. Of the funds held in escrow, $0.4 million will be released after 12 months and $0.1 million will be released after 18 months, in each case subject to any claims by the Company.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. As with most other industries, the year ended December 31, 2020, as well as the period of the past nine months has been challenging as our media business had campaigns paused or reduced due to COVID-19. Our response to the pandemic, in terms of investments, cost saving measures, and productivity has been relatively effective, but it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Revenue

Revenue for the three months ended September 30, 2021, was $3.1 million, an increase of $0.3 million compared to the same quarter a year ago. The Company continued its pursuit to grow data revenue by engaging more clients on LOCUS and developing new data products. As expected, this resulted in increased data solutions revenue – approximately $0.9 million or 30% of the overall revenue for the three months ended September 30, 2021. This was an increase of $0.2 million compared to the $0.8 million earned in data revenue for the three months ended September 30, 2020. Furthermore, Paymi generated an additional $0.1 million in revenue for our new incentives division.

Revenue for the nine months ended September 30, 2021, was $7.9 million, an increase of $1.1 million compared to the same period in 2020. The year 2020 was strongly impacted by COVID-19 and the government countermeasures enacted to prevent its spread. Whereas in 2021, an increasing number of vaccinations have been administered, businesses are open once again, and advertisers are spending more to attract customers. This increase in revenue during the midst of the pandemic strongly demonstrates the Company's growth and successful strategic planning.

Publishing costs

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Revenue	**$ 3,104**	$ 2,851	**$ 7,868**	$ 6,775
Publishing costs	**1,908**	1,437	**4,592**	3,788
Gross profit	**$ 1,196**	$ 1,414	**$ 3,276**	$ 2,987
Gross profit % of revenue	***39%***	*50%*	***42%***	*44%*

Publishing costs for the Company consist primarily of payments to advertising exchanges and publishers, paid search traffic costs, and other direct costs associated with the generation of revenue.

Consolidated publishing costs for the three months ended September 30, 2021, were $1.9 million, and 61% of revenue, compared to $1.4 million, and 50% of revenue in 2020. Consolidated publishing costs for the nine months ended September 30, 2021, were $4.6 million, and 58% of revenue, compared to $3.8 million, and 56% of revenue in 2020. Despite efforts made to reduce costs in the traditional advertising services provided, there has been a decrease in gross margin for both the three and nine months ended September 30 year over year. This decrease can be attributed to the large increase to the percentage of Search engine marketing ("SEM") revenue, which has the lowest margin of all services provided by the Company. In 2020, SEM revenue represented only 6% and 12% of all revenue for the three and nine months respectively. In 2021, it represented a much larger percentage of all revenue at 23% and 20% for the three and nine months respectively.

Net Loss

Net loss for the three months ended September 30, 2021, was $1.7 million compared to a loss of $0.6 million in 2020. This $1.0 million increase in net loss was the result of the $0.2 million decrease in gross profit, $0.3 million increase in employee compensation, $0.5 million increase in other operating costs, $0.2 million increase in depreciation and amortization, and $0.1 million in transaction costs of acquisition for Paymi, offset by the $0.1 million decrease in share-based payments and $0.1 million decrease in finance costs. Depreciation and finance income were consistent with 2020.

Net loss for the nine months ended September 30, 2021, was $3.4 million compared to a loss of $2.2 million for the same period in 2020. The $1.1 million increase was the result of the $0.6 million increase in employee compensation and share-based payments, $0.8 million in other operating costs, $0.1 million increase in transaction costs of acquisition, and $0.2 million increase in amortization of intangible assets, offset by the $0.3 million increase in gross profit and $0.3 million decrease in finance costs. Depreciation and finance income were consistent with 2020.

The increase in net loss was primarily the result of the increase in employee compensation and other operating costs related to the acquisition of Paymi. There were a significant number of employees hired as well as other costs to launch the new division. Furthermore, continued efforts to enhance and develop new data services has also increased investments in systems and platforms. Overall, the Company's current growth and acquisition efforts, coupled with the decline in revenues caused by COVID-19, has led to an increase in net loss. However, Paymi presents a promising new revenue stream which is likely to become increasingly sustainable once it is up-and-running and the unique effects of the pandemic have come to an end.

Results for the Three Months Ended September 30, 2021, Compared to the Three Months Ended September 30, 2020

Summarized Unaudited Condensed Consolidated Financial Results

Three Months ended September 30, (In thousands of Canadian dollars, except per share amounts)	2021	2020	% Change
Revenue	**3,104**	**2,851**	9
Expenses:			
Publishing costs	**1,908**	**1,437**	
Employee compensation and benefits [1]	**1,301**	**1,032**	
Other operating costs	**1,039**	**493**	
	4,248	**2,962**	43
Share-based payments	**158**	**277**	
Depreciation of property and equipment	**21**	**18**	
Depreciation of right-to-use asset	**18**	**17**	
Amortization of intangible assets	**241**	**71**	
Loss from operations	**(1,582)**	**(494)**	220
Transaction costs of acquisition	**(82)**	-	
Finance income	**30**	**4**	
Finance costs	**(38)**	**(137)**	
Loss for the period from operations	**$ (1,672)**	**$ (627)**	167
Basic and diluted loss per share	**$ (0.02)**	**$ (0.01)**	

(1) Employee compensation and benefits exclude share-based payments.

Employee compensation and benefits

Employee compensation, excluding share-based payments, consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes, and employee health and related benefit expenses. Employee compensation, excluding share-based payments, for the three months ended September 30, 2021, was $1.3 million, an increase of $0.3 million compared to the same period in 2020. This increase was related to the new hires for the incentive division and decrease in wage subsidy funding.

Other operating costs

Other operating costs consist primarily of office and administration expenses, including insurance costs and office consumables, as well as sales and marketing, travel-related expenses, contractor and consulting expenses, communication, equipment rental, and professional service-related expenses. Other operating costs for the three months ended September 30, 2021, were $1.0 million. This was an increase of $0.5 million compared to the three months ended September 30, 2020. This increase was in response to the Company’s growth in data services as well as the acquisition of Paymi in July 2021.

Share-based Payments

For the three months ended September 30, 2021, the Company recorded share-based payments of $0.2 million, a decrease of $0.1 million compared to the same period in 2020. The high number in both years was due to non-cash-based efforts to reward and retain key employees throughout the COVID-19 pandemic.

Depreciation of property and equipment

Depreciation of property and equipment for the three months ended September 30, 2021, was consistent when compared to the same period in 2020.

Depreciation of right-to-use assets

Depreciation of right-to-use assets was $18,000 for the three months ended September 30, 2021, which was consistent with the three months ended September 30, 2020. The Company adopted IFRS 16 as of January 1, 2019, which instigated the requirement to recognize this depreciation expense in lieu of an expense for rent.

Amortization of intangible assets

Amortization of intangible assets was $0.2 million for the three months ended September 30, 2021, and $0.1 million for the three months ended September 30, 2020. The amortization was related to the acquisition of Juice Mobile in March 2020, Paymi in July 2021, and the amortization of the internally generated software platform.

Finance Cost and Finance Income

For the three months ended September 30, 2021, finance income totaled $30,000. The finance income was related to a foreign exchange gain of $24,000 and an investment of excess cash that contributed $6,000 in interest income. In comparison, finance income for the same period in 2020 was related solely to the $4,000 interest income generated on excess cash.

Finance costs for the three months ended September 30, 2021, were $38,000 which consisted of a $29,000 accretion on lease and $9,000 accretion on escrow related to the Paymi acquisition. Finance costs for the three months ended September 30, 2020, were $0.1 million, which consisted of a $28,000 accretion on lease, $45,000 accretion on interest, $10,000 accretion on earn-out, $52,000 interest on loans and borrowings, $1,000 other interest expense, and a $1,000 foreign exchange loss.

For the three months ended September 30, 2021, the finance gain from foreign exchange totaled $24,000 compared to a loss of $1,000 in 2020. Due to the Canadian dollar functional currency of the Company and the net assets and liabilities denominated in Canadian dollars, a foreign exchange gain was realized when the value of the US dollar appreciated relative to the Canadian dollar in during the period and foreign assets were higher than foreign liabilities. A loss was realized in 2020 when the value of the Canadian dollar appreciated relative to the US dollar.

Results for the Nine Months Ended September 30, 2021, Compared to the Nine Months Ended September 30, 2020

Summarized Unaudited Condensed Consolidated Financial Results

Nine Months ended September 30, (In thousands of Canadian dollars, except per share amounts)	2021	2020	% Change
Revenue	**7,868**	**6,775**	16
Expenses:			
Publishing costs	**4,592**	**3,788**	
Employee compensation and benefits (1)	**3,261**	**2,764**	
Other operating costs	**2,190**	**1,377**	
	10,043	**7,929**	27
Share-based payments	**515**	**411**	
Depreciation of property and equipment	**54**	**53**	
Depreciation of right-to-use asset	**53**	**52**	
Amortization of intangible assets	**353**	**153**	
Loss from operations	**(3,150)**	**(1,823)**	73
Transaction costs of acquisition	**(82)**	**(23)**	
Finance income	**18**	**27**	
Finance costs	**(136)**	**(409)**	
Loss for the period from operations	**$ (3,350)**	**$ (2,228)**	50
Basic and diluted loss per share	**$ (0.05)**	**$ (0.04)**	

(1) Employee compensation and benefits exclude share-based payments.

Employee compensation and benefits

Employee compensation, excluding share-based payments, consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes, and employee health and related benefit expenses. Employee compensation, excluding share-based payments, for the nine months ended September 30, 2021, was $3.3 million, an increase of $0.5 million compared to the same period in 2020. This increase was related to the new hires for the incentive division and decrease in wage subsidy funding.

Other operating costs

Other operating costs consist primarily of office and administration expenses, including insurance costs and office consumables, as well as sales and marketing, travel-related expenses, contractor and consulting expenses, communication, equipment rental, and professional service-related expenses. Other operating costs in for the nine months ended September 30, 2021, were $2.2 million. This was an increase of $0.8 million compared to the nine months ended September 30, 2020. This increase was in response to the Company’s growth in data services as well as the acquisition of Paymi in July 2021.

Share-based Payments

For the nine months ended September 30, 2021, the Company recorded share-based payments of $0.5 million, an increase of $0.1 million compared to the same period in 2020. The increase was related to non-cash-based efforts to reward and retain key employees throughout the COVID-19 pandemic.

Depreciation of property and equipment

Depreciation of property and equipment for the nine months ended September 30, 2021, was consistent when compared to the same period in 2020.

Depreciation of right-to-use assets

Depreciation of right-to-use assets was $53,000 for the nine months ended September 30, 2021, which was consistent with the nine months ended September 30, 2020. The Company adopted IFRS 16 as of January 1, 2019, which instigated the requirement to recognize this depreciation expense in lieu of an expense for rent.

Amortization of intangible assets

Amortization of intangible assets was $0.4 million for the nine months ended September 30, 2021, and $0.2 million for the nine months ended September 30, 2020. The amortization was related to the acquisition of Juice Mobile in March 2020, Paymi in July 2021, and the amortization of the internally generated software platform.

Transaction costs of acquisition

Transaction costs of acquisition for the nine months ended September 30, 2021, were $0.1 million compared to $23,000 in 2020. The Company, through its wholly-owned subsidiary EQ Advertising Group Ltd., completed the acquisition of Juice Mobile in March 2020. The Company then completed the acquisition of Integrated Rewards Inc (Paymi) in July 2021.

Finance Cost and Finance Income

For the nine months ended September 30, 2021, finance income totaled $18,000. The finance income was related solely to an investment of excess cash that contributed $18,000 in interest income. In comparison, finance income for the same period in 2020 was $27,000. This was related to a foreign exchange gain of $22,000 and interest on excess cash of $5,000.

Finance costs for the nine months ended September 30, 2021, were $0.1 million which consisted of a $87,000 accretion on lease, $9,000 accretion on escrow related to Paymi, $10,000 accretion on interest, $11,000 interest on loans and borrowing, and a $19,000 foreign exchange loss. Finance costs for the nine months ended September 30, 2020, were $0.4 million, which consisted of a $0.1 million accretion on lease, $0.1 million accretion on interest, $29,000 accretion on earn-out, $0.2 million interest on loans and borrowings, and $3,000 other interest expense.

For the nine months ended September 30, 2021, finance costs from foreign exchange totaled $19,000 compared to a gain of $22,000 in 2020. Due to the Canadian dollar functional currency of the Company and the net assets and liabilities denominated in Canadian dollars, a foreign exchange gain was realized when the value of the Canadian dollar appreciated relative to the US dollar in 2020 and foreign liabilities were higher than foreign assets. A loss was realized in 2021 when the value of the Canadian dollar continued to appreciate but foreign assets were higher than foreign liabilities.

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

The Company measures the success of the Company's strategies and performance based on adjusted EBITDA, which is outlined and reconciled with net income (loss). 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; (d) transaction costs of acquisition (e) deferred tax recovery; (f) depreciation of right-to-use-assets; and (g) additional contingent consideration. Management uses adjusted EBITDA as a measure of the Company's operating performance because it provides information related to the Company's ability to generate 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 items listed below represent the consolidated income and expense amounts that are required to reconcile net loss for the three months as defined under IFRS to the non-IFRS measure of adjusted EBITDA for the same period.

Reconciliation of net loss for the three and nine months ended September 30, 2021 and 2020, to adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
(In thousands of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
Loss for the period	**$ (1,672)**	**$ (627)**	**$ (3,350)**	**$ (2,228)**
Finance income (costs):				
Finance income	**30**	**4**	**18**	**27**
Other interest expense	**(38)**	**(137)**	**(136)**	**(409)**
Transaction costs of acquisition	**(82)**	**-**	**(82)**	**(23)**
Loss from operations	**(1,582)**	**(494)**	**(3,150)**	**(1,823)**
Share-based payments	**158**	**277**	**515**	**411**
Depreciation of property and equipment	**21**	**18**	**54**	**53**
Depreciation of right-to-use asset	**18**	**17**	**53**	**52**
Amortization of intangible assets	**241**	**71**	**353**	**153**
Adjusted EBITDA [(1)]	**$ (1,144)**	**$ (111)**	**$ (2,175)**	**$ (1,154)**

(1) As defined. See the section entitled "Non-IFRS Measures".

Adjusted EBITDA

The $1.1 million adjusted EBITDA loss for the three months ended September 30, 2021, was an increase compared to the $0.1 million loss for the three months ended September 30, 2020.

The adjusted EBITDA loss for the nine months ended September 30, 2021, was $2.2 million, which was also an increase of about $1.0 million compared to the same period in 2020.

Overall, the $1.0 million increase in adjusted EBITDA loss for both the three and nine months ended September 30, 2021, was related to the $1.0 million increase in the operational loss for the same periods compared to 2020. This increased operational loss was related to the increased employee compensation and other operating costs associated with the new incentives division after the acquisition of Paymi, the Company's continued growth amidst the impact of the COVID-19 pandemic and decrease in wage subsidy funding.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned investments. The Company's principal cash requirements are for capital expenditures and working capital needs. The Company uses its operating cash flows and cash balances to maintain liquidity.

Selected financial information from the statements of financial position as at September 30, 2021 and 2020, are as follows:

As at September 30,		**2021**		2020
Cash	**$**	**9,809**	$	4,651
Working capital		**9,451**		2,983
Total assets		**18,766**		10,562
Current liabilities		**4,749**		4,969
Other non-current liabilities		**120**		116

As at September 30, 2021, the Company had $9.8 million in cash compared to $4.7 million as at September 30, 2020. Cash flows used in operations totaled $2.5 million for the nine months ended September 30, 2021, compared to a use of cash of $1.4 million for the nine months ended September 30, 2020. During the nine months ended September 30, 2021, financing activities supplied $10.1 million in cash, whereas $3.7 million in cash was provided in 2020. Finally, $1.0 million was invested during the nine months ended September 30, 2021, compared to $1.4 million during the nine months ended September 30, 2020.The following table summarizes these key metrics for the nine months ended September 30:

As at September 30, (In thousands of Canadian dollars)		**2021**		2020
Net cash used in operating activities	**$**	**(2,491)**	$	(1,416)
Net cash from financing activities		**10,116**		3,710
Net cash used in investing activities		**(1,036)**		(1,357)

Net Cash Used in Operating Activities

Cash used in operations totaled $2.5 million for the nine months ended September 30, 2021, compared to a use of cash of $1.4 million in 2020. Net loss for the nine months ended September 30, 2021, was $3.4 million compared to a net loss of $2.2 million for the same period in 2020. The change in non-cash operating working capital for the period resulted in a use of cash of $0.3 million which was consistent with 2020.

With respect to the nine months ended September 30, 2021, the $0.3 million change in non-cash operating assets and liabilities was attributable to a decrease in accounts receivable of $0.4 million, a decrease in other current assets of $0.5 million, and increase of rewards payable of $0.1 million, offset by a decrease in accounts payable and accrued liabilities and contract liabilities of $1.2 million.

With respect to the nine months ended September 30, 2020, the change in non-cash operating working capital was the result of a $1.0 million increase in accounts receivable and $49,000 decrease in contract liabilities related to customer deposits offset by a $0.8 million increase in accounts payable and accrued liabilities.

There was an unrealized foreign exchange gain on cash of $11,000 for the nine months ended September 30, 2021, compared to a gain of $23,000 in 2020. Amortization of intangible assets for the nine months ended September 30, 2021, was $0.4 million compared to $0.2 million in 2020. Depreciation of property and equipment and the right-of-use assets for the nine months ended September 30, 2021, were consistent with 2020.

A non-cash share-based payments expense of $0.5 million was realized for the nine months ended September 30, 2021, compared to $0.4 million in 2020. And finance costs for the nine months ended September 30, 2021, were $0.1 million compared to $0.4 million in 2020.

Finally, the transaction cost of acquisition for the nine months ended September 30, 2021, was $0.1 million compared to $23,000 for the same period in 2020. The cost in 2021 was related to the acquisition of Paymi in July 2021. The cost in 2020 was related to the acquisition of Juice Mobile in March 2020.

Net Cash From Financing Activities

Financing activities for the nine months ended September 30, 2021, resulted in a source of cash of $10.1 million. This was comprised of $11.5 million from equity financing, $1.4 million from the exercise of warrants, $40,000 in loans and borrowings from the government for COVID-19 related support, and $26,000 in proceeds from the exercise of stock options. The proceeds above were then partially offset by the $1.7 million repayment of promissory notes, $0.8 million share issuance costs, $0.3 million interest paid, and $0.1 million reduction in the lease liability.

Financing activities for the nine months ended September 30, 2020, resulted in a source of cash of $3.7 million. This amount was comprised of the $3.7 million in proceeds from the exercise of warrants, $0.1 million in proceeds from the exercise of stock options, and $0.1 million in loans and borrowings, offset by the $0.1 million repayment of the lease obligation and $3,000 in interest paid.

Net Cash Used in Investing Activities

Investing activities for the Company are impacted by acquisitions of property, equipment, and intangible assets as well as the purchase or sale of various cash equivalents. For the nine months ended September 30, 2021, investing activities resulted in a use of cash of $1.0 million compared to a use of cash of $1.4 million in 2020.

In the nine months ended September 30, 2021, the Company invested $0.5 million to acquire Integrated Rewards Inc, and $0.5 million in internally generated intangible assets related to the development costs incurred in connection with the software platform to be used internally. Development costs related to the software platform controlled by the Company are to be amortized over three years. There was also $0.1 million spent on new hardware to support operations, and $36,000 payout on the earn-out payment for Tapped Mobile, partially offset by interest income of $18,000.

In the nine months ended September 30, 2020, the Company invested $0.9 million to acquire Juice Mobile, $0.4 million in intangible assets related to the internally generated software platform, and $0.1 million for new hardware to support operations, which was partially offset by interest income of $5,000.

See also “Financial Risk Management - Liquidity Risk” later in this MD&A for a discussion of the credit facilities relating to the Company.

The following is a contractual maturity analysis of the Company’s financial liabilities as at September 30, 2021:

	Payments Due by Period				
Contractual Obligations	*Total*	*Less than 1 year*	*1-3 years*	*4-5 years*	*After 5 years*
Lease liability	212	212	-	-	-
Rewards payable	942	942			
Trade and other payables	3,457	3,457	-	-	-
Earn out - acquisition	186	186	-	-	-
Loans and Borrowings	120	-	120	-	-
Total Contractual Obligations	4,917	4,797	120	-	-

OFF-BALANCE SHEET ARRANGEMENTS

Currently the Company does not have any off-balance sheet items which would have an impact on the Company's overall performance.

SUMMARY OF SEASONALITY AND QUARTERLY RESULTS

Online advertising, online commerce, and internet usage are seasonally most robust in the fourth quarter ending December 31, and generally slower at the beginning of the calendar year. This is due to increased advertising activity during the holiday season occurring in the fourth quarter. Seasonality may be affected by customer mix. For example, retail advertisers often concentrate their advertising spending with the Company in the fourth quarter while entertainment advertisers tend to focus their spending on the launch and display of content, such as television shows or movies, irrespective of the time of year. The Company has seen slower than usual activity, which is consistent with general and industry-specific economic data. As a result, operating results will fluctuate quarter-by-quarter. Moreover, the Company's revenue and operating results may fluctuate quarter-to-quarter depending on sales cycles, network performance, and customer demand. Costs are incurred more evenly throughout the year. In addition to the seasonal trends, revenue and operating profit can fluctuate from general economic conditions. As a result, one quarter's revenue and operating results may not necessarily be indicative of a subsequent quarter's revenue and operating results. For these reasons, performance is not comparable quarter to consecutive quarter and is best considered from results for the whole year or by comparing results in a quarter with results in the same quarter for the previous year.

Quarterly results and statistics in respect of the Company for the previous eight quarters are outlined below:

	2021			2020				2019
(In thousands of Canadian dollars, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$ 3,104	$ 3,009	$ 1,755	$ 3,685	$ 2,851	$ 1,726	$ 2,198	$ 2,873
Income (loss) before depreciation and amortization	(1,302)	(574)	(814)	(361)	(388)	(719)	(458)	(162)
Depreciation of property and equipment	(21)	(16)	(17)	(18)	(18)	(19)	(16)	(14)
Depreciation of right-to-use asset	(18)	(17)	(18)	(18)	(17)	(17)	(18)	51
Amortization of intangible assets	(241)	(54)	(58)	(75)	(71)	(71)	(11)	(11)
Impairment of goodwill and intangible assets	-	-	-	(655)	-	-	-	-
Loss from operations	(1,582)	(661)	(907)	(1,127)	(494)	(826)	(503)	(136)
Finance income (costs), net	(8)	(51)	(59)	(114)	(133)	(123)	(126)	(218)
Transaction cost of acquisition	(82)	-	-	(9)	-	-	(23)	-
Additional contingent consideration	-	-	-	85	-	-	-	(406)
Net loss for the period	$ (1,672)	$ (712)	$ (966)	$ (1,165)	$ (627)	$ (949)	$ (652)	$ (760)
Basic loss per share	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)
Diluted loss per share	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)

Summary of Third Quarter Results, Selected

During the three months ended September 30, 2021, consolidated operating revenues were $3.1 million, an increase of 9% over the same period in 2020. Revenue in Q3 for both years was similarly impacted by the COVID-19 pandemic, slightly less so in Q3 2021 as more and more businesses adjust to the new normal. This accounts for the similar levels of revenue year over year. Revenue for Q3 2021 was also higher than Q4 2019. Given that the fourth quarter is traditionally when revenue is highest, revenue is clearly trending upward in relation to the Company's growth.

The net loss for the three months ended September 30 has increased significantly compared to Q3 2020. The increased loss is related to the recent acquisition of Paymi, and the upfront costs related to launching a new incentives division. This is expected to be a temporary outlier as the incentives division presents a very promising new revenue stream.

Overall, the trend of increasing revenue quarter over quarter is a promising indication for the final quarter.

SELECTED FINANCIAL INFORMATION

The following table sets out consolidated financial information for EQ for the periods indicated. The following should be read in conjunction with the financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information for the three and nine months ended September 30, 2021, 2020, and 2019, have been derived from the interim financial statements.

	Three months ended September 30,			Nine months ended September 30,		
(In thousands of Canadian dollars, except per share amounts)	**2021**	2020	2019	**2021**	2020	2019
Revenue	**$ 3,104**	$ 2,851	$ 2,479	**$ 7,868**	$ 6,775	$ 6,092
Loss for the period	**(1,672)**	(627)	(327)	**(3,350)**	(2,228)	(1,625)
Basic loss per share	**(0.02)**	(0.01)	(0.01)	**(0.05)**	(0.04)	(0.04)
Diluted loss per share	**(0.02)**	(0.01)	(0.01)	**(0.05)**	(0.04)	(0.04)
Total assets	**18,810**	10,562	3,997	**18,810**	10,562	3,997
Total current liabilities	**4,819**	4,969	2,719	**4,819**	4,969	2,719
Total non-current liabilities	**120**	116	1,875	**120**	116	1,875

The overall increase in revenue from 2019 to 2021 was attributable to the Company's transition from historical digital advertising to hyper-local targeting, data gathering and optimization capabilities, as well as the acquisitions Juice Mobile in March 2020 and Paymi in July 2021. This type of precision targeting and analysis, which differentiates the Company from many in the industry, has become extremely important for digital marketers because businesses now closely scrutinize their return on advertising dollars. These new features have changed the revenue mix of the Company, and this is expected to continue to add significant value in future quarters.

The overall increase in net loss from 2019 to 2021, was attributable to investments made in the Company's growth and new acquisitions amidst the unique effects of the COVID-19 pandemic. As the impact of the pandemic winds down and business returns to normal, it is expected that these investments will begin to show a more positive impact on profit.

See the sections in this MD&A entitled "Critical Accounting Policies and Estimates" and "Recent Adopted accounting Pronouncements", as well as the Notes to the September 30, 2021, unaudited condensed consolidated interim financial statements, for a discussion of critical, new accounting policies and estimates as they relate to the discussion of our operating and financial results.

Management of Capital

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. EQ defines the capital that it manages as the aggregate of its shareholders' equity, comprised of issued capital, contributed surplus, accumulated other comprehensive income (loss), and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets, and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, issue debt, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements as at September 30, 2021.

Outstanding Share Data

The following information on the Company's share capital and options outstanding has been updated to November 19, 2021:

	Outstanding	**Authorized**
Common Shares	68,453,957	Unlimited
Options and Restricted Share Unit	3,942,667	10,231,244
Warrants	230,160	230,160

The Board of Directors of the Company has adopted a 15% fixed stock option plan (the "Option Plan") and a 15% fixed restricted share unit plan (the "RSU Plan") (collectively, the "Plans") to enhance the Company's ability to compensate employees, officers, consultants, and directors by means other than cash incentives. Pursuant to the Plans, the maximum aggregate maximum number of Common Shares that may be issued under RSUs issued and outstanding pursuant to the RSU Plan and Options issued and outstanding pursuant to the Stock Option Plan is 10,231,244 (representing 15% of the issued and outstanding Common Shares).

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Included in the Company's 2020 annual consolidated financial statements, and summarized below, the Company has identified the accounting policies and estimates that are critical to understanding the Company's business operations and results of operations.

The following are critical accounting policies subject to such judgments and the principal sources of estimation uncertainty that the Company believes could have the most significant impact on its reported consolidated results of operations and consolidated financial position.

(a) Key sources of estimation uncertainty:

(i) Useful lives of intangible assets - Useful lives over which intangible assets are amortized are based on management's estimate of future use and performance. Expected useful lives are reviewed annually for any change to estimates and assumptions.

(ii) Revenue recognition – The recognition of revenue requires judgment in the assessment of performance obligations, whether they are distinct and separate, within a contract, and met at a point in time or over a period of time. In instances of bundle contracts, management estimates and allocates the transaction price to each performance obligation based on its stand-alone selling price. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in these transactions with advertisers and involves judgment based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, in reaching conclusions on gross versus net revenue recognition, management places the most weight on the analysis of whether the Company controls the services before they are transferred to the customer.

(iii) Expected credit losses - The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience, and other factors.

(iv) Share-based payments - The estimated fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. In addition to the fair value calculation, the Company estimates the expected forfeiture rate with respect to equity-settled share-based payments based on historical experience.

(v) Earn-out – Acquisition – the fair value of contingent consideration liabilities is based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return.

(vi) Debt extinguishment - From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability recorded through profit or loss at the date of modification. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with an adjustment to the carrying amount of the liability being recorded in the consolidated statements of operations immediately.

(b) Critical judgments in applying accounting policies:

(i) Functional currency - Judgment is applied in situations where primary and secondary indicators are mixed. Primary indicators such as the currency that mainly influences sales prices are given priority before considering secondary indicators.

CHANGES IN ACCOUNTING POLICIES

Recently adopted accounting pronouncements

For the period the ending September 30, 2021, the Company has not adopted any new accounting policies.

RISKS AND UNCERTAINTIES AFFECTING OUR BUSINESS

Although management has a confident outlook for the Company and continually improves and adapts the Company's risk mitigation strategies, operating in the technology industry inherently involves a certain level of risk and uncertainty. The Company continues to expand and refine management controls, reporting systems, cost controls, and overall policies and procedures to minimize the impact of potential risks and uncertainties. In management's opinion, the following factors, among others, should be considered when evaluating the Company's business and the results of future operations.

Risks Relating to the Company

Demand for the Company's Products and Services

The market for technology products and consulting services is continuously evolving and becoming increasingly competitive. The Company's success depends on the Company's ability to create, develop, and deploy interactive strategies and solutions that service existing clients and attract new ones.

History of Net Losses

The Company has incurred net losses on an annual basis from 2009 to 2020. The Company may incur net losses in the future, including but not limited to losses resulting from the Company's operations, loss on investments, the impairment of goodwill or other intangible assets, losses from acquisitions, restructuring charges, or expenses related to share-based payments and other equity awards. There can be no assurance that the Company will be able to achieve and maintain consistent profitability in the future.

Restructuring

In the past, the Company has found it advisable to take measures to streamline operations and reduce expenses, including, but not limited to, reducing the Company's workforce, discontinuing products, and divesting business units. It may prove necessary to perform such measures again in the future. However, these measures may place significant strains on the Company's management team and employees and could impair the Company's development, marketing, sales, and customer support efforts. The Company may also incur liabilities from these measures, including liabilities from the early termination or assignment of contracts, the potential failure to meet obligations due to the loss of employees or resources, and resulting litigation. Such effects from restructuring and streamlining could have a negative impact on the Company's business and financial results.

Risks Relating to the Industry

Intellectual Property Actions

Certain of the Company's intellectual property may be found invalid or unenforceable by any specific third party. The Company may be subject to legal actions alleging intellectual property infringement, unfair competition, or similar claims against the Company. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of the Company's technologies or businesses. Such legal actions may be costly and could require the Company to defend unmeritorious claims without recourse for legal costs incurred even if the Company is successful. They could also require the Company to change business practices, could potentially hinder or prevent the Company's ability to deliver products and services, and could divert management's attention.

Dependence on the Internet

A significant portion of sales of the Company's products and services depend on the growth in the use of online and mobile technology. However, sales of the Company's online advertising rely, in large part, on the industry and infrastructure that has developed around online and mobile access and traffic. Inadequate development of a reliable network backbone or the lack of timely delivery of complementary products could affect the overall commercial viability of the marketplace. Reliance on the internet and mobile services affects the Company's performance with interruptions in service and other delays on websites. Global e-commerce and information exchange is constantly changing and evolving, and it is difficult to predict with any assurance of its long-term commercial success.

Trade Credit to Customers

The Company extends trade credit to most of its customers to facilitate the purchase of its services. The Company relies on the creditworthiness of such customers. Some of the Company's customers operate in a highly competitive, cyclical, or low margin business. Some are highly levered financially or experiencing negative cash flows such that they may need to refinance, restructure, file for bankruptcy protection or go bankrupt. The failure of such customers to pay the Company promptly and in full under the terms of the trade credit the Company extends to them could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flow.

One of the effects of the global economic condition is that businesses tend to maintain their cash resources and delay in paying their creditors whenever possible. As a trade creditor, the Company lacks leverage, unlike secured lenders and providers of essential services. Should the economy further deteriorate, the Company may find that advertisers, their representative agencies, or both may delay in making payments. Additionally, the Company may find that advertisers reduce internet advertising, which would reduce the Company's future revenues. These events will result in a number of adverse effects, including increasing the Company's borrowing costs, lowering the Company's gross profit margins, reducing the Company's ability to borrow under the line of credit, and reducing the Company's ability to grow the business. These events would have a material and adverse effect upon the Company.

Advertising on the Internet and Mobile Devices Loses its Appeal to Marketing Companies.

The Company's revenue is generated in part by delivering advertisements that are targeted to certain groups of individuals. This business model may not continue to be effective in the future for a number of reasons, including, without limitation, the following: click and conversion rates have always been low and may decline as the number of advertisements and ad formats increase; internet users can install "filter" or opt-out software programs which allow them to prevent advertisements from appearing on their computer screens or email inboxes; internet and mobile advertisements are, by their nature, limited in content relative to other media; marketing companies may be reluctant or slow to adopt or grow online advertising that replaces, limits or competes with their existing marketing efforts; marketing companies may prefer other forms of advertising that the Company does not offer; advertisers may become adverse to certain forms of online promotions that may conflict with their brand objectives; and some advertisers have experienced issues with "click-fraud" or other forms of perceived low quality.

Real-Time Advertising Exchanges Fail to Attract Publishers

The Company provides services based on real-time advertising exchanges and their ability to attract publishers to offer Web and mobile advertising inventory for purchase. The Company's ability to generate significant revenue from advertisers will depend, in part, on the ability of such exchanges to demonstrate the effectiveness of the model to advertisers and publishers; and on the Company's ability to attract and retain advertisers and publishers by differentiating the Company's technologies and services from those of competitors. Intense competition has led to the proliferation of a number of alternative pricing and distribution models for Internet and mobile advertising. These alternatives, and the likelihood that additional pricing alternatives will be introduced, make it difficult for the Company to predict the levels of advertising revenue or the margins that the Company, or the advertising industry in general, will realize in the future. Moreover, an increase in the amount of advertising on the Web and mobile devices may result in a decline in click or conversion rates. Any decrease in click or conversion rates may make some of the Company's performance pricing models less viable or less attractive for publishers and advertisers.

Government Regulation of the Internet

Companies engaging in online search, advertising, commerce, and related businesses face uncertainty related to future government regulation of the internet. Due to the rapid growth and widespread use of the internet, federal, state, and provincial governments are enacting and considering various laws and regulations relating to the internet. Furthermore, the application of existing laws and regulations to internet companies remains somewhat unclear. The Company's business and operating results may be negatively affected by new laws. Existing or new regulations may expose the Company to material compliance costs and liabilities and may impede the growth of internet usage. Additionally, the Company's third-party data partners may be adversely affected by any new or existing laws.

As a company that provides services over the internet, the Company may be subject to an action brought under any existing or future laws governing online services. The Company may also be subject to costs and liabilities with respect to privacy issues. Several internet companies have incurred costs and pay penalties for violating their privacy policies. Further, it is anticipated that federal, state, and provincial governments may adopt new legislation with respect to user privacy. Additionally, foreign governments may pass laws which could negatively impact the Company's business or may prosecute the Company for products and services based upon existing laws. The restrictions imposed by, and the cost of complying with, current and possible future laws and regulations related to the Company's business could harm business and operating results. Further, any such laws that affect the Company's third-party data partners could also indirectly harm business and operating results.

The United States Federal Trade Commission ("FTC") issued guidelines recommending that companies that engage in behavioural targeting engage in self-regulation to protect the privacy of consumers who use the internet. The Office of the Privacy Commissioner of Canada ("OPC") also released guidelines which state that information collected for online behavioural targeting is likely personal information that would require appropriate policy disclosures or other measures. Despite following these guidelines from both the FTC and OPC, if the FTC or federal governments in Canada or the U.S. were to enact legislation or regulations with respect to online behavioural targeting, it may adversely affect what the Company perceives to be a competitive advantage. This could increase the Company's costs and reduce future revenues.

System Failures

The Company's success depends on the continuing and uninterrupted performance of the Company's systems. Sustained or repeated system failures that interrupt the Company's ability to provide services to customers, including failures affecting the Company's ability to deliver advertisements quickly and accurately and to process visitors' responses to ads, would significantly reduce the attractiveness of the Company's services to advertisers and publishers. The Company's business, results of operations, and financial condition could also be materially and adversely affected by any systems damage or failure that impacts data integrity or interrupts or delays operations. The Company's computer systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious or accidental human acts, and natural disasters. Moreover, despite network security measures, the Company's servers are potentially vulnerable to physical or electronic break-ins, computer viruses, and similar disruptive problems in part because the Company cannot control the maintenance and operation of third-party data centers. Despite the precautions taken, unanticipated problems affecting the Company's systems could cause interruptions in the delivery of solutions in the future and the Company's ability to provide a record of past transactions. The Company's insurance policies may not adequately compensate the Company for any losses that may occur due to any failures in the Company's systems.

Competition

The internet and mobile advertising markets are characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions, and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards and practices could render the Company's existing products and services obsolete and unmarketable or require unanticipated technology or other investments. The Company's failure to adapt successfully to these changes could harm the Company's business, results of operations, and financial condition.

The market for internet and mobile advertising and related products and services is highly competitive. The Company expects this competition to continue to increase, in large part because there are no significant barriers to entry to the industry. Increased competition may result in price reductions for advertising space, reduced margins, and loss of market share. The Company's principal competitors include other companies that provide advertisers with internet and mobile advertising solutions and companies that offer real-time advertising services.

Competition for advertising placements among current and future suppliers of internet navigational and informational services, high-traffic websites, and internet service providers, as well as competition with other media for advertising placements, could result in significant price competition, declining margins, and reductions in advertising revenue. In addition, as the Company continues efforts to expand the scope of Web services, the Company may compete with a greater number of Web publishers and other media companies across an increasing range of different Web services, including vertical markets where competitors may have advantages in expertise, brand recognition, and other areas. If existing or future competitors develop or offer products or services that provide significant performance, price, creative, or different advantages over those offered by the Company, the Company's business, results of operations, and financial condition could be negatively affected. The Company also competes with traditional advertising media, such as direct mail, television, radio, cable, and print, for a share of advertisers' total advertising budgets. Many current and potential competitors enjoy competitive advantages over us, such as longer operating histories, greater name recognition, larger customer bases, greater access to advertising space on high-traffic websites, and significantly greater financial, technical, sales, and marketing resources. As a result, the Company may not be able to compete successfully. If the Company fails to compete successfully, the Company could lose customers or advertising inventory, and revenue and results of operations could decline.

Rapid Technological Change

The Company uses many different technologies to develop and deploy strategic solutions for customers. These technologies are rapidly changing. While the Company continuously researches and evaluates the tools used, there is no assurance that these technologies and the expertise built around them will continue to be applicable in the future. The Company's success will depend on the ability to adapt to rapidly changing technologies, to enhance existing solutions, and to develop and introduce a variety of new solutions to address customers' and affiliates' changing demands. If the Company fails to keep pace with technological developments and the introduction of modern industry and technology standards on a cost-effective basis, the Company's expenses could increase, and the Company could lose customers.

Length of Sales Cycle

The development and implementation of the Company's technology solutions and the adoption of the Company's advertising services are often an enterprise-wide decision for prospective clients and, in the case of advertising services, may require multiple decision makers to provide their approvals, usually on a campaign-by-campaign basis. Lengthy sales cycles are frequent and may include an analysis of customer needs, a written proposal, presentations, and contract negotiations. Since these initiatives can involve a substantial commitment of capital, there are often delays in approving such large expenditures. The sales cycle varies, but typically it has ranged from one to nine months. During that time, the sales cycle can be affected by the client's budgetary constraints, internal acceptance reviews, and the overall economic climate, factors over which the Company has little or no control.

Content

The Company may be subject to third-party claims relating to content in the advertising delivered as it relates to violations of copyright, trademark, or other intellectual property rights of third parties or if the content is defamatory. Any claims or counterclaims could be time-consuming, could result in costly litigation, and could divert management's attention.

General Risks

Stock Market Volatility

The trading price of the Common Shares has been, and may continue to be, subject to broad fluctuations. The Company's share price may fluctuate in response to a number of events and factors, including, without limitation, variations in quarterly operating results; announcements and implementations of technological innovations or new services by the Company or competitors; recommendations by securities analysts; the operating and share price performance of, or other developments involving, other companies that investors may deem comparable to the Company; news reports or rumors relating to the Company; and general economic or market conditions. The Company's financial results have varied on a quarterly basis and are likely to continue to fluctuate in the future, which could cause the Company's share price to continue to be volatile or decline.

In addition, the stock market in general and the market prices for Internet-related companies in particular have experienced volatility that has often been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of the Company's shares, regardless of operating performance. Volatility or a lack of positive performance in the Company's share price may adversely affect the Company's ability to retain key employees, all of whom have been granted options. A sustained decline in the Company's share price and market capitalization could lead to an impairment charge to non-financial assets.

Non-Financial Assets

The Company is required under IFRS to test goodwill for impairment at least annually and to review the Company's amortizable intangible assets for impairment when events or changes in circumstance indicate the carrying value may not be recoverable. Factors that could lead to impairment of goodwill and amortizable intangible assets include, but are not limited to, significant adverse changes in the business climate, prolonged periods of decline for the Company's business, an announcement of adverse changes or events, and decreases in the financial condition of the Company's business. The Company has recorded and may be required in the future to record additional charges to earnings if goodwill, amortizable intangible assets or other investments become impaired. Any such charge would adversely impact the Company's financial results.

Foreign Exchange Fluctuations

A significant portion of the Company's revenue is generally denominated in Canadian dollars. The Company's expenses are denominated in either Canadian or U.S. dollars. The Company's results of operations and financial condition are reported in Canadian dollars and the Company's functional currency is the Canadian dollar. The Company's earnings are impacted by fluctuations in the exchange rates between the Canadian and U.S. dollar in which the Company trades. A decrease in the value of the Canadian dollar relative to the U.S. dollar would increase the amount of cost of sales in Canadian dollar terms realized by the Company. This would reduce the Company's operating margin and the cash flow available to fund its operations.

General Economic Weakness

The Company is susceptible to general economic conditions. A downturn in advertising and marketing spending by advertisers could adversely affect the Company's operating results. The Company's operating results will be subject to fluctuations based on general economic conditions, particularly those conditions that impact advertiser-consumer transactions and the technology sector. Deterioration in economic conditions could cause decreases or delays in advertising spending and reduce or negatively impact the Company's short-term ability to grow revenues. Further, any decreased collectability of accounts receivable or early termination of agreements due to deterioration in economic conditions could negatively impact the Company's results of operations.

Dependence on Key Personnel

The Company's success depends to a significant extent on the abilities and efforts of senior management and technical personnel. The loss of or inability to identify, attract, hire, retain, and motivate highly skilled management, technical, sales and marketing, corporate development, and other key personnel could have a material effect on the Company's business. Qualified personnel with experience relevant to the Company's business are scarce and competition to recruit them is significant. If the Company fails to successfully hire and retain a sufficient number of highly qualified employees, the Company may have difficulties supporting customers or expanding the business. Although the Company has non-competition and non-disclosure agreements with all of its executive officers and senior managers, any loss of key personnel could have an adverse effect on the Company's business. The loss of the services of any member of the Company's senior management team, or any other key employees, could divert management's time and attention, increase expenses, and adversely affect the Company's ability to conduct business efficiently.

In light of current market conditions, the value of options granted to employees may cease to provide sufficient incentive to the Company's employees. Like many technology companies, the Company currently uses shares and may use other equity-based awards to recruit technology professionals and senior level employees. With respect to those employees to whom the Company issues options, the Company faces a significant challenge in retention if the value of these options is either not substantial enough or so substantial that the employee leaves after their options have vested. If the Company's share price does not increase significantly above the exercise prices of the Company's options, the Company may need to issue new options to motivate and retain executives; or if option programs become impracticable, the Company may need to grant other equity incentives or increase other forms of compensation. The Company may undertake or seek shareholder approval to undertake other equity-based programs to retain employees, which may be viewed as dilutive to the Company's shareholders or may increase the Company's compensation costs. Additionally, there can be no assurance that any such programs will be successful in motivating and retaining the Company's employees.

Periodic Litigation

The Company may from time to time become a party to claims and litigation proceedings, which are generally related to contract disputes. Such matters are subject to many uncertainties, and the Company cannot predict with assurances their outcome and ultimate financial impact. There can be no guarantee that any actions that may be brought against the Company in the future will be resolved in its favour or that the insurance the Company carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising from these claims could be materially adverse to the Company.

In 2020, the former shareholders of a previous acquisition sued EQ Inc. in connection with the alleged wrongful dismissal of one of the shareholders. Their claim is based on their estimate of damages for the second-year capital payment under the share purchase agreement totaling $1.4 million. It is the Company's view that the dispute is baseless and without merit and that EQ is well-positioned given contractual rights under the share purchase agreement. The Company has retained counsel and intends to vigorously defend its interest and protect its rights.

Acquisitions and Investments

The Company continually evaluates opportunities to acquire additional technologies or businesses. The Company has acquired and made strategic investments in a number of companies in the past and expects to make further acquisitions and strategic investments in the future. Such transactions may result in dilutive issuances of the Company's equity securities, the use of the Company's cash resources, the incurrence of debt and contingent liabilities, and amortization expenses related to intangible assets acquired, some of which may occur even if the acquisition is ultimately not consummated and any of which could materially adversely affect the Company's business, financial condition, and results of operations. Integration challenges include finance, information technology, facilities, and customer support. The diversion of management attention and any difficulties encountered in the integration process could harm the Company's business. The Company's acquisitions and strategic investments to date were accompanied by a number of risks, including:

- uncertainties associated with operating in a new market and working with new customers;
- the difficulty of assimilating the operations and personnel of acquired companies into the Company's operations;

- the potential disruption of the Company’s ongoing business and distraction of management;
- the incurrence of additional operating losses and expenses of the businesses the Company acquired or in which the Company invested;
- the difficulty of integrating acquired technology and rights into the Company’s services, and unanticipated expenses related to such integration;
- the failure to successfully further develop acquired technology resulting in the impairment of amounts currently capitalized as intangible assets;
- litigation or other claims in connection with acquired companies or companies in which the Company has invested;
- the impairment of relationships with, or failure to retain, employees of acquired companies or the Company’s existing employees as a result of the integration of new personnel;
- the difficulty of integrating operations, systems, and controls as a result of cultural and regulatory policies and operational differences; and
- the impact of known potential liabilities or liabilities that may be unknown, including as a result of inadequate internal controls, associated with the companies acquired or in which the Company invested.

The Company is likely to experience similar risks in connection with future acquisitions and strategic investments. The Company’s failure to be successful in addressing these risks or other problems encountered in connection with the Company’s past or future acquisitions and strategic investments could cause the Company to fail to realize the anticipated benefits of such acquisitions or investments, or incur unanticipated liabilities, and harm the Company’s business generally.

FINANCIAL RISK MANAGEMENT

Overview

The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management policies on an annual basis. The finance department identifies and evaluates the financial risks and is charged with the responsibility of establishing controls and procedures to ensure the financial risks are mitigated in accordance with the approved policies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable, short-term investments, and cash and cash equivalents. The Company invests its excess cash in short-term investments with the objective of maintaining the safety of planned capital expenditures and with the secondary objective of maximizing the overall yield of its portfolio. The Company’s cash is not subject to external restrictions. Investments must be rated at least investment grade by recognized rating agencies. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

The Company's credit risk is primarily attributable to its trade receivables. The Company reviews the collectability of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of potentially uncollectable accounts. The amounts disclosed in the balance sheet are net of allowances for bad debts, which are established based on the specific credit risk associated with the customer and other relevant information. As of September 30, 2021, three customers represented 23%, 14% and 14% of the gross accounts receivable balance of $4.4 million. As of September 30, 2020, three customers represented 21%, 12%, and 12% of the gross accounts receivable balance of $3.2 million. At September 30, 2021, the Company had $0.9 million outstanding over 90 days. Subsequent to September 30, 2021, $0.5 million of this balance has been collected.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue, as well as expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned investments. The Company's principal cash requirements are for capital expenditures and working capital needs. The Company uses its operating cash flows and cash balances to maintain liquidity.

Customer Concentration Risk

Customer concentration risk is the risk of financial loss to the Company due to reliance on one or a small number of customers for significant portions of its total revenues. If a customer that represents a substantial portion of revenues reduces its activity or ceases to transact with the Company, there could be a materially adverse impact on the Company's financial stability. For the three months ended September 30, 2021, three customers comprised 29%, 17%, and 12% of the Company's consolidated revenues from operations; and three customers comprised 21%, 12% and 12% of the Company's consolidated revenues from operations for the same period in 2020. For the nine months ended September 30, 2021, there were two customers that comprised 28% and 18% of the Company's total revenue and two customers that comprised 24% and 14% of the Company's total revenue for the same period in 2020. In the advertising industry in which the Company operates, it is not uncommon for client concentration to result from large agency accounts that concentrate their buying through few vendors and for accounts to be awarded to different vendors in different amounts on a quarterly and annual basis.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its financial instruments.

Interest rate risk

The Company's interest rate risk arises primarily from its loans and borrowings obligations, which bear a fixed interest rate of 12%. As the Company paid off the 2019 Notes on January 19, 2021. Management believes that the Company is not significantly exposed to cash flow interest rate risk in the next twelve months.

Currency risk

The Company operates internationally with the Canadian dollar as its functional currency and is therefore exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in U.S dollars. The Company's primary objective in managing its foreign exchange risk is to maintain U.S. cash on hand to support forecasted international obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

During the years ended 2021 and 2020, the Company maintained a portion of its cash resources in both U.S. and Canadian dollars. The Company does not have any foreign currency derivative instruments outstanding as at September 30, 2021.

SUBSEQUENT EVENTS

On October 15, 2018, the Company entered into a share purchase transaction to purchase 100% of the shares of Tapped Networks Inc. ("Tapped Mobile"). The acquisition agreement (the "Agreement") provided for an upfront payment of Common Shares in EQ Inc. and an additional earnout payment of up to $2.8 million based on the achievement of certain predetermined revenue and gross profit targets over the 24-month period following the closing of the acquisition. The Agreement further specified that based on the earnout, Tapped Mobile shareholders could earn up to $1.4 million in the first year and the remaining $1.4 million in the second year based on the predetermined revenue and gross profit targets for those periods. The first year earnout payment was agreed to based on the revenue and gross profit targets generated that year, however, the two parties are currently in dispute regarding the amount owing related to the second year earnout. The Ontario Superior Court ruled that the Company was to pay the former shareholders of Tapped Mobile the entire amount for the second year earnout under the Share Purchase Agreement. The Company does not agree with this judgement and as a result has retained legal counsel and will be appealing this decision.

OUTLOOK

This outlook section is comprised entirely of forward-looking statements. The forward-looking statements are qualified in their entirety by the cautionary language found above under the heading "Forward-Looking Statements."

The core focus of the Company's business is to assist clients in reaching their digital audience. The Company works with customers to position them to take advantage of the constantly growing and evolving digital marketplace and continue to build targeted advertising and digital media capabilities that will help acquire customers effectively.

By combining state-of-the-art display, mobile, social, and video advertising, as well as search engine marketing expertise, advertisers are offered a range of solutions. This provides clients with the flexibility to combine initiatives including audience building and engagement, targeted brand awareness campaigns, qualified lead generation, and e-commerce campaigns.

The Company presents a unique value proposition in the market. The ability to understand what people are looking for and then present the most relevant content and advertising is the foundation of performance. It is this foundation that the Company has built upon, and continues to build upon, as the Company invests in technology, solutions, and people to better serve clients in the future.

As the COVID-19 pandemic continues its second year, we expected that 2021 would be off to a slower start. Several our customers were forced to reduce advertising spending early in the year. This created a temporary decrease in demand for our advertising services and necessitated a suspension in certain planned investments to grow the business. However, as we exit the third quarter, more government restrictions are being lifted in response to increased vaccinations and business seems to be returning to more normal levels of operation.

Going forward, the Company plans to continue to make significant investments in technology, and its depth of operations, as quality and customer satisfaction continue to be a primary focus for the organization.

The Company also remains focused on building a leading digital marketing organization. With a specific emphasis on performance, by using the most effective data and analytics, the Company believes that the growth of the Company's proprietary Demand Side Platform (DSP) with targeted audience creation and optimization, positions the Company exceptionally well going forward. As the Company continues to enhance its technological capabilities and work closely with innovative partners, the Company is ready to take advantage of all the opportunities that lie ahead. In late 2019, EQ signed a multi-year engagement with Canada's FP top 15 Corporations to leverage EQ's platform to unify data, media and measurement across their organization. This changed the overall outlook for the Company in 2020 and going forward in 2021.

Finally, strategic initiatives, including acquisitions such as Paymi, will be critical to the Company's future. All initiatives, whether organic or external, will necessarily involve a diligent focus on ensuring maximum benefit to the Company and the creation of shareholder value.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 respecting certification of disclosure in issuers' interim filings, the Chief Executive Officer ("CEO") and the person fulfilling the functions of a Chief Financial Officer ("CFO") have designed, or caused it to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that (i) material information relating to the Company is made known to the Company by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

Also, the CEO and CFO have designed, or caused it to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The control framework the CEO and the CFO used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission (1992).

The CEO and CFO evaluated, or caused to be evaluated under the Company's supervision, the effectiveness of the Company's DC&P and ICFR at September 30, 2021. Based on that evaluation, the CEO and CFO determined that the Company's DC&P and ICFR were operating effectively.

No changes were made to the design of the Company's ICFR during the period ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

ADDITIONAL INFORMATION

Additional information, including unaudited consolidated interim financial statements, annual consolidated financial statements, management proxy circular, and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.