

ATTENTION: News Director /Assignment Editor

HEADLINE: EQ Inc. Reports Strongest First Quarter in Over a Decade

Quarterly Revenue Increases 55% Year Over Year

TORONTO, ON / ACCESSWIRE / May 30, 2022 / EQ Inc. (TSXV:EQ) ("EQ Works" or the "Company"), a leader in geospatial data and artificial intelligence driven software, announced its financial results today for the first quarter ended March 31, 2022.

Announcing it's highest first quarter revenue in over a decade, EQ reported revenue of over \$2.7 million, a 55% increase when compared to the first quarter of 2021. This revenue growth was the result of new data engagements and the Company's continued focus on key verticals, including financial services, automotive, and retail. Data revenue also experienced significant growth in the quarter, resulting in a 22% increase compared to the same period a year ago, as demand continued to increase for EQ's proprietary data solutions. Consistent with the Company's well articulated investment strategy and as a result of growing market demand for data solutions, the adjusted EBITDA loss for the quarter of approximately \$1.6 million was in line with forecasts and represents the Company's continued investments in AI and data solutions that are expected to drive growth in recurring revenue and earnings during the second half of 2022 and into 2023.

By investing in key product areas like Paymi, its consumer facing application with unique zero party data assets, Insights, its proprietary dashboarding solutions for retail and automotive, and the talent recruitment required to build these products, the Company continues to generate and capture substantial market interest. Although these products are not scheduled for release until the second half of 2022, early indicators show significant traction amongst new and existing clients, as well as across multiple verticals. The Company expects to generate meaningful results for the remainder of 2022 and further grow into 2023.

Highlights for the First Quarter ended March 31, 2022

- Increased quarterly revenue by 55%, compared to the first quarter of 2021, making it the highest first quarter revenue in over a decade;
- Increased quarterly data revenue by 22%, compared to the same period last year;
- Cash balance at the end of the quarter was \$7.5 million;
- Secured upfront commitments of over \$6 million from a variety of Canada's leading digital agencies;
- Entered into an agreement with Tapad to create the largest identity graph in Canada;
- Joined the AI Partnership to help further development of its AI solutions and expand its offerings in key verticals; and
- Paymi, EQ's wholly owned subsidiary, increased number of downloads by 20% when compared to the fourth quarter of 2021.

"We are very pleased with our strong first quarter results and proud of our team for continuing to deliver exceptional solutions for our clients. After an impressive fourth quarter that resulted in our strongest results in almost a decade, we continued to deliver strong results into the first

quarter of 2022", said Geoffrey Rotstein, President, and CEO of EQ Works. "Our focus this quarter was to continue to productize our data solutions and build upon our recurring monthly revenue. Significant progress was accomplished on both initiatives, and we are pleased with the progress of our products and the value they have generated for our clients. Our tools and solutions, which leverage our proprietary data and technology, will continue to push our growth throughout 2022 as we focus on our core verticals and our path to profitability."

The Company also held its annual general meeting on May 27, 2022 and is pleased to announce the reappointment of James Beriker, Vernon Lobo, and Geoffrey Rotstein to the Board of Directors. Additionally, the Shareholders approved the 10% rolling stock options plan (the "Plan") of the Company. Pursuant to the Plan, the maximum aggregate number of Common Shares that may be issued is 6,943,562 (representing 10% of the issued and outstanding Common Shares).

Subsequent to quarter-end, the Company granted 47,500 stock options to employees of the Company. These stock options are exercisable at CDN \$1.25 per stock option and will expire on May 27, 2027. These stock options vest over a period of thirty-six months following the grant date and are governed by the terms and conditions of the Company's stock options plan. Following this grant of stock options, the Company has a total of 2,661,000 stock options outstanding representing approximately 3.8% of the outstanding common shares of the Company.

Non-IFRS Financial Measures

EQ Works measures the success of the Company's strategies and performance based on Adjusted EBITDA, which is outlined and reconciled with net income (loss) in the section entitled "Reconciliation of Net Loss for the period to Adjusted EBITDA" in the MD&A. The Company defines Adjusted EBITDA as net income (loss) from operations before: (a) depreciation of property and equipment and amortization of intangible assets, (b) share-based payments, (c) finance income and costs, net, and (d) depreciation of right-of-use assets (e) additional contingent consideration (f) transaction costs of acquisition (g) impairment of goodwill and intangible assets. Management uses Adjusted EBITDA as a measure of the Company's operating performance because it provides information on the Company's ability to provide operating cash flows for working capital requirements, capital expenditures, and potential acquisitions. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in its industry.

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

exclusion of these items from the Company's non-IFRS measures should not be construed as an inference that these costs are unusual, infrequent, or non-recurring.

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

Adjusted EBITDA for three months ended March 31, 2022 and 2021

(In thousands of Canadian dollars)	Three months ended March 31,	
	2022	2021
Net loss	(1,859)	(966)
Add:		
Finance costs, net	42	59
Depreciation of property and equipment	21	17
Depreciation of right-of-use asset	6	18
Amortization of intangible asset	120	58
Share-based payments	84	236
Adjusted EBITDA	(1,586)	(578)

About EQ Works

EQ Works (www.eqworks.com) enables businesses to understand, predict, and influence customer behaviour. Using unique data sets, advanced analytics, machine learning, and artificial intelligence, EQ Works creates actionable intelligence for businesses to attract, retain, and grow the customers that matter most. The Company's proprietary SaaS platform mines insights from movement and geospatial data, thereby enabling businesses to close the loop between digital and real-world consumer actions.

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

Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions, or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events. These statements are not guarantees of future performance

and involve assumptions, risks, and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied, or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance, or achievements to differ materially include, but are not limited to, the risk factors discussed in the Company's MD&A for the quarter ended March 31, 2022. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives but cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and any other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update or revise them to reflect subsequent information, events, or circumstances or otherwise, except as required by law.

EQ Inc.
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EQ Inc.
Unaudited Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Current assets:		
Cash	\$ 7,528	\$ 8,763
Accounts receivable	3,090	4,687
Other current assets	<u>384</u>	<u>388</u>
	11,002	13,838
Non-current assets:		
Property and equipment	92	101
Right-of-use asset	-	6
Intangible assets	2,223	2,193
Goodwill	<u>2,914</u>	<u>2,914</u>
	5,229	5,214
Total assets	<u>\$ 16,231</u>	<u>\$ 19,052</u>

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 3,794	\$ 4,514
Rewards payable	1,088	1,071
Lease liability	-	16
Contract liabilities	202	529
Earn-out	<u>1,401</u>	<u>1,401</u>
	6,485	7,531

Non-current liabilities:

Loan	<u>77</u>	<u>77</u>
	77	77

Shareholders' equity	9,669	11,444
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Total liabilities and shareholders' equity	<u>\$ 16,231</u>	<u>\$ 19,052</u>
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EQ Inc.

Unaudited Consolidated Interim Statements of Loss and Comprehensive Loss

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

Three months ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue	\$ 2,714	\$ 1,755
Expenses:		
Publishing costs	1,776	937
Employee compensation and benefits	1,404	1,174
Other operating costs	1,204	458
Depreciation of property and equipment	21	17
Depreciation of right-of-use asset	6	18
Amortization of intangible assets	<u>120</u>	<u>58</u>
	4,531	2,662
Loss from operations	(1,817)	(907)

Finance income	4	4
Finance costs	<u>(46)</u>	<u>(63)</u>
Net loss before income taxes	<u>(1,859)</u>	<u>(966)</u>
Total comprehensive loss	<u>(1,859)</u>	<u>(966)</u>
Loss per share:		
Basic and diluted	(0.03)	(0.02)

EQ Inc.

Unaudited Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
Three months ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	(1,859)	(966)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	21	17
Depreciation of right-of-use asset	6	18
Amortization of intangible assets	120	58
Share-based payments	84	236
Unrealized foreign exchange loss	1	11
Finance cost, net	34	46
Change in non-cash operating working capital	<u>566</u>	<u>737</u>
Net cash used in operating activities	(1,027)	157
Cash flows from financing activities:		
Repayment of obligations under property lease	(49)	(23)
Loan	-	40
Repayment of promissory notes	-	(1,717)
Proceeds from exercise of warrants	-	1,392
Proceeds from equity financing	-	11,500
Share issuance costs	-	(754)

Interest paid	<u>-</u>	<u>(293)</u>
Net cash from financing activities	(49)	10,145
Cash flows from investing activities:		
Interest income received	4	4
Purchases of property and equipment	(12)	(4)
Addition of intangible asset	<u>(150)</u>	<u>(150)</u>
Net cash used in investing activities	(158)	(150)
Increase (decrease) in cash	(1,234)	10,152
Foreign exchange loss on cash held in foreign currency	(1)	(11)
Cash, beginning of period	8,763	3,209
Cash, end of period	<u><u>\$ 7,528</u></u>	<u><u>\$ 13,350</u></u>

SOURCE: EQ Inc.