



EQ Inc. Reports First Quarter Results

Company Reports 23% Revenue Growth

TORONTO, ON --(Marketwired – May 9, 2014) - EQ Inc. (TSX: EQ) (“EQ Works”) a leader in audience targeting for mobile, social, video and display advertising today announced its financial results for the first quarter-ended March 31, 2014. Total revenue from operations for the quarter was \$2.0 million, an increase of 23% from the \$1.6 million recorded in the first quarter of 2013. The adjusted EBITDA loss for the quarter was approximately \$711,000, a 25% improvement as compared to a loss of \$942,000 in the first quarter of 2013.

Highlights for the First Quarter ended March 31, 2014

- Mobile and video partnerships created to form exclusive audience segments
- 13 new agency partners were added in the quarter
- Redefined cross-device targeting in Canada using custom digital personas
- Launched several new rich media ad units across all devices
- Implemented an exclusive video offering that guarantees brand-appropriate content and messaging to further enhance Hercules™, the Company’s safe-advertising platform

“This past quarter we demonstrated continued growth while delivering innovative products that our clients need to be successful.” said Geoffrey Rotstein, President and CEO. “Industry attention has now shifted to quality, which remains one of our greatest strengths. Our focus on quality has enabled us to create extremely effective audience segments that perform better, and deliver insights that help our advertisers understand more about their audience at the end of every campaign.” added Rotstein. “By combining the most advanced mobile and video audience segmentation with rich media applications for our clients, we are able to offer even more innovative solutions than before.”

Non-IFRS Financial Measures

We measure the success of our strategies and performance based on Adjusted EBITDA, which is outlined and reconciled with net income (loss) in the section entitled “Reconciliation of Net Loss for the period to Adjusted EBITDA” in the MD&A. The Company defines Adjusted EBITDA as net income (loss) from operations before; (a) depreciation of property and equipment and amortization of domain properties and other intangible assets; (b) share-based payments, (c) restructuring, (d) impairment of goodwill and domain properties and other intangible assets, (e) Income tax expense and recovery, and (f) finance income and costs, net. Management uses Adjusted EBITDA as a measure of the Company's operating performance because it provides information related to the Company's ability to provide operating cash flows for working capital requirements, capital expenditures and potential acquisitions. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in its industry.



This news release may contain forward-looking statements that are based on management's current expectations and are subject to known and unknown uncertainties and risks, which could cause actual results to differ materially from those contemplated or implied by such forward-looking statements. EQ Inc. is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

David Katz, EVP Corporate Development
EQ Inc.
1255 Bay Street, Suite 400 | Toronto, Ontario | M5R 2A9
p: 416.597.8889 f: 416.597.2345
press@eqworks.com
www.eqworks.com

EQ Inc.**Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)****March 31, 2014 December 31, 2013****Assets****Current assets:**

Cash and cash equivalents	\$	2,285	\$	2,797
Accounts receivable		1,417		2,231
Other current assets		295		222

		3,997		5,250
--	--	-------	--	-------

Non-current assets:

Investment		50		50
Property and equipment		234		281
Domain properties and other intangible assets		1,399		1,610

		1,683		1,941
--	--	-------	--	-------

Total assets	\$	5,680	\$	7,191
---------------------	-----------	--------------	-----------	--------------

Liabilities and Shareholders' Equity**Current liabilities:**

Accounts payable and accrued liabilities	\$	2,044	\$	2,316
Deferred lease inducement		3		14
Finance leases		103		122
Deferred revenue		406		602

		2,556		3,054
--	--	-------	--	-------

Non-current liabilities:

Finance leases		42		64
----------------	--	----	--	----

		42		64
--	--	----	--	----

Shareholders' Equity		3,082		4,073
----------------------	--	-------	--	-------

Total liabilities and Shareholders' equity	\$	5,680	\$	7,191
---	-----------	--------------	-----------	--------------

EQ Inc.
Unaudited Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)
Three months ended March 31, 2014 and 2013

	2014	2013
Revenue	\$ 2,015	\$ 1,637
Expenses:		
Publishing and advertising costs	1,054	836
Employee compensation and benefits	989	1,036
Other operating expenses	694	728
Depreciation of property and equipment	60	75
Amortization of domain properties and other intangible assets	274	283
	<u>3,071</u>	<u>2,958</u>
Loss from operations	(1,056)	(1,321)
Finance income	6	15
Finance cost	(109)	(117)
Loss before income taxes	(1,159)	(1,423)
Deferred income tax recovery	-	65
Loss for the period	(1,159)	(1,358)
Other comprehensive income:		
Foreign currency translation adjustments to equity	157	181
Other comprehensive income for the period, net of tax	157	181
Total comprehensive loss for the period	(1,002)	(1,177)
Loss per share:		
Basic	(0.07)	(0.09)
Diluted	(0.07)	(0.09)

EQ Inc.
Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
Three months ended March 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Loss for the period	(1,159)	(1,358)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	60	75
Amortization of domain properties and other intangible assets	274	283
Amortization of deferred lease inducement	(10)	(11)
Share-based payment	11	21
Foreign exchange loss	103	96
Finance income, net	(2)	(7)
Deferred income tax recovery	-	(65)
Change in non-cash operating working capital	353	408
Cash used in operating activities	(370)	(558)
Net cash used in operating activities	(370)	(558)
Cash flows from financing activities:		
Repayment of finance leases	(41)	(37)
Interest paid	(4)	(8)
Net cash used in financing activities	(45)	(45)
Cash flows from investing activities:		
Interest income received	6	15
Additions to domain properties and other intangible assets	-	(51)
Net cash from (used in) investing activities	6	(36)
Foreign exchange loss on cash held in foreign currency	(103)	(96)
Decrease in cash and cash equivalents	(512)	(735)
Cash and cash equivalents, beginning of period	2,797	5,419
Cash and cash equivalents, for the period	\$ 2,285	\$ 4,684