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M. Marin
312-265-9211
mmarin@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

VIQ Solutions Inc. (VQS.V: TSXV)

VQS.V: Optimistic About Outlook as Growth & Optimization Efforts Show Results, With Further Gains Expected - Initiating Coverage

VIQ Solutions operates a technology platform that offers AI enabled video capture software and audio recording with voice-to-text capabilities. Management believes its platform is disrupting legacy manual transcription service models that cannot match VIQ technology in terms of speed, accuracy and security, underscoring the need for automation in the transcription space.

Current Price (2/18/26) C\$0.18
Valuation C\$0.85

OUTLOOK

To maximize the execution of its growth strategy, VIQ has implemented several recent measures discussed in this report, including a management restructuring, intensified focus on integrating its Australian operations and deleveraging initiatives. 2025 results & margin improvements reflect benefits of restructuring / profit optimizations. The company expects further improvements in financial performance in 2026, including continued margin expansion, adj. EBITDA increases.

SUMMARY DATA

52-Week High C\$0.28
52-Week Low C\$0.15
One-Year Return (%) -27
Beta 0.76
Average Daily Volume (sh) 47,583

Shares Outstanding (mil) 72
Market Capitalization (\$mil) C\$13
Short Interest Ratio (days) N/A
Institutional Ownership (%) N/A
Insider Ownership (%) N/A

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2025` N/A
P/E using 2026 Estimate N/A

Risk Level
Type of Stock
Industry
Average
Small-Value
Technology Services

ZACKS ESTIMATES

Revenue

(in millions of US\$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2023	10.1A	10.5 A	10.1 A	10.4 A	41.0 A
2024	9.9 A	11.6 A	11.1 A	10.6 A	43.2 A
2025	9.6 A	10.4 A	10.9 A	10.9 E	41.9 E
2026	9.7 E	11.1 E	12.0 E	13.0 E	45.7 E

EPS / Loss per share

(US\$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2023	-\$0.10 A	-\$0.10 A	-\$0.11 A	-\$0.07 A	-\$0.38 A
2024	-\$0.04 A	-\$0.01 A	-\$0.02 A	-\$0.07 A	-\$0.14 A
2025	-\$0.13 A	-\$0.13 A	-\$0.16 A	-\$0.09 E	-\$0.51 E
2026	-\$0.08 E	-\$0.07 E	-\$0.06 E	-\$0.05 E	-\$0.26 E

Qs might not sum reflecting rounding

Disclosures page 16

KEY POINTS

- **AI-driven technology platform disrupting legacy models** VIQ believes its AI-driven technology platform -- offering video capture software and audio recording with voice-to-text capabilities -- is disrupting legacy manual transcription service models in a sector, the transcription market, that we see as ripe for continued automation as global data volumes grow.
- **Large total addressable market opportunity (TAM) extends across multiple industries** VIQ expects to generate strong revenue and cash flow growth by pursuing both organic initiatives and accretive M&A to benefit from the large TAM opportunity, which extends across multiple industries. The company's current focus on government services, courts, legal, media and insurance as key target sectors aggregate to a TAM estimated at multibillion dollar total market opportunity.
- **Key optimization measures include management restructuring, focus on optimizations in Australia, deleveraging** To maximize its growth strategy, VIQ has implemented several measures, including a management restructuring, intensified focus on integrating its Australian operations -- where VIQ's newly appointed Global Head of Operations has been working directly with the team there and with customers -- and deleveraging initiatives. Once the Australian operations have fully integrated the processes and systems that are working well in VIQ's other key markets, it is expected to contribute to a roughly \$3+ million annual lift in operating performance.
- **With benefits of measures already evident, company expects further improvements going forward** The company's 3Q25 results reflect the benefits of its restructuring and profit optimization measures, with margin improvement fueled by recent changes. The company expects further improvements in financial performance in 2026 and going forward, including in gross margins, adjusted EBITDA, profitability and cash flow.
- **Balance sheet strengthening measures** include a 4Q25 private placement that raised gross proceeds of about \$1.8 million in which management participated, filing to potentially repurchase shares and ongoing discussions with prospective lenders to replace and improve terms on its credit facility now that the company's financial outlook appears to have improved.
- **Increased focus on new business development & strategic accretive M&A tuck-ins** As the company achieves many of the goals outlined in this report, it concurrently is also increasing its focus on new business development organically and through strategic acquisitions. VIQ expects to complete several accretive M&A tuck-ins in coming quarters within the fragmented transcription market, which is undergoing consolidation.

COMPANY OVERVIEW

Believe transcription market is ripe for continued automation as global data volumes grow

Toronto, Canada-based VIQ Solutions (VQS.V -TSXV) operates a technology platform that offers AI enabled video capture software and audio recording with voice-to-text capabilities. Management believes its platform is disrupting legacy manual transcription service models that cannot match VIQ technology in terms of speed, accuracy and security, underscoring the need for ongoing automation in the transcription space, we believe. As the company continues to expand its portfolio of AI and Machine Learning (ML) solutions, VIQ expects to generate strong revenue and cash flow growth by pursuing both organic initiatives and accretive M&A to benefit from the large total addressable market (TAM) opportunity, which extends across multiple industries.

To maximize the execution of its growth strategy, VIQ recently has implemented several measures discussed in this report, including management restructuring, intensified focus on integrating its Australian operations and deleveraging initiatives.

The transcription market is ripe for continued automation, in our view. According to the [World Economic Forum](#), “Data volumes have grown substantially with the ongoing digital transformation of the economy...” The ongoing increase in the capture of audio and video data from mobile devices such as smartphones, as well as sensors, body and home protection cameras and drones, among other devices, are among the many factors that are driving the rapid growth in the volume of data. Management believes that as this trend continues, pressure to transform data to documents and transcripts digitally leveraging AI technology will climb.

The rise in the sources and types of data that need to be converted to content, combined with growing demand to access and analyze that content, are factors fueling demand to transcribe and convert data more efficiently. Management believes that demand for digital conversion solutions will continue to rise in multiple sectors as the volume of data continues to increase. The company is focused on key sectors where demand for technology to perform high-volume speech to text conversion digitally is high and growing. VIQ’s strategy is to leverage AI to do the ‘heavy lifting’ transcription and manual review to enhance quality and accuracy.

Platform is based on cyber-secure AI technology

The VIQ platform is based on cyber-secure AI technology; VIQ’s technology transforms audio data to digital content using cyber-secure speech recognition solutions. Its technology tools, such as NetScribe® and FirstDraft, powered by aiAssist™, help clients streamline production and increase efficiency. In turn, this helps lower costs and shorten transcription turnaround times. The NetScribe platform is highly scalable and can process high volumes of data in a compliant and secure manner, according to VIQ. It has been implemented across multiple markets, including in the U.S., U.K., Canada and Australia. VIQ has more than 4,000 clients globally.

Much of the company’s revenue comes from long-term contracts with government agencies and Fortune 500 companies, according to VIQ. High profile companies that have been or are clients of VIQ’s media business unit include Bloomberg, Fox News and CNN, among others. The company continues to grow its customer base in its key verticals (see below) organically and via strategic acquisitions. Moreover, outreach to existing and prospective customers has increased and VIQ is optimistic that the Australia customer base will continue to grow, as well.

The company is optimistic about its prospects to expand the Software-as-a-Service (SaaS) model, which gives clients access to VIQ software and services solutions, while generating consistent recurring revenue for the company. For example, the company won \$1.85 million in net new bookings in 1H 2025, including \$280k in SaaS and software agreements. In June 2025, VIQ signed the largest SaaS contract it

had ever closed, which entails deploying the NetScribe platform across multiple districts following a successful pilot earlier. The company believes this deployment offers proof of concept of the benefits and scalability of NetScribe. Importantly, the SaaS model generates recurring and predictable monthly revenue and also helps offset revenue fluctuations that arise from fluctuations in volumes.

Focus on efficiencies - cost optimizations, streamlining & targeting R&D investments

Over the past several quarters, VIQ has focused on boosting its operating and financial metrics to improve efficiencies. This led the company to launch cost optimization measures in 2024, streamlining its operating structure and focusing on targeted R&D investments primarily in automation, advanced diarization (i.e. separating and identifying voices of different speakers for accurate transcription either by name or label), formatting automation and standardizing quality assurance. Though the company enjoyed strong 2024 results, attaining improvement in adjusted EBITDA – in fact, 3Q25 marked the 6th sequential quarter of positive adjusted EBITDA -- and expanding consolidated gross margins, these gains fell short of internal targets. Thus, in 1Q25, VIQ completed a formal strategic review led by an independent special board committee in conjunction with external financial and legal advisers who together evaluated multiple strategic alternatives. Following this review, VIQ has launched several important initiatives over the past few quarters to return the company to its targeted growth trajectory, boost margins and strengthen the balance sheet.

These initiatives include:

- Leadership changes
- Successful Integration of Australia and implementation of proven global processes
- Balance sheet strengthening measures
- Extensions and upgrades of the solutions portfolio
- Increased focus on new business development

A central component of the company's strategy to grow EBITDA and free cash flow (FCF) centers on expanding gross margins across its operating footprint, particularly in Australia, which has lagged other regions on this key metric. The company has made significant progress in boosting consolidated margins – its gross margin in the first nine months of 2025 averaged 49.1%, up from 45.4% in the same period of 2024 – and VIQ intends to raise margins further. The improvement to-date reflects the scalability of the AI-driven platform and operating leverage in the business model. Moreover, as the revenue mix continues to skew towards SaaS adoption, margins are expected to benefit.

Leadership changes to maximize execution of growth strategies

In August 2025, VIQ made several high level management changes, appointing Larry Taylor – a significant shareholder who had extensive experience on the VIQ board -- as interim CEO to focus on accelerating growth and boosting profitability and FCF generation. In December 2025, he was appointed CEO. Prior to this, he served on the VIQ board for 10 years as board chairman.

Also in August 2025, the company named Elizabeth Pennell as Global Head of Operations to helm VIQ's Australian business unit, accelerate customer technology adoption and drive profitability in that key market. She is spending significant time in Australia working directly with personnel and customers there. She has more than 30 years of industry experience and initially joined VIQ in January 2020 through VIQ's acquisition of ASC Media.

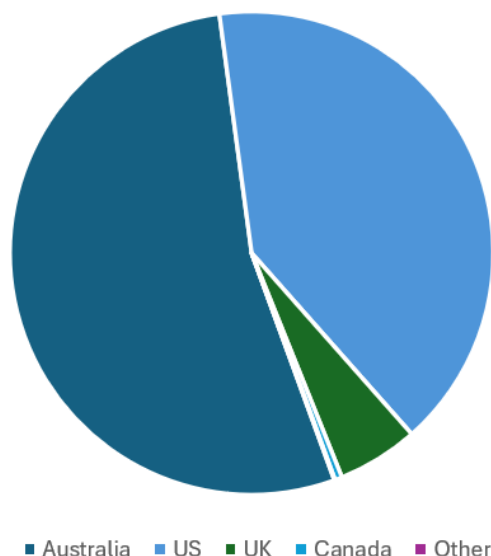
In addition, VIQ's largest shareholder, Brad Wells, was named board chair and lead independent director and Howard Wetston was appointed to the board. Mr. Wells founded and is president and CEO of Momentum Group Ltd. Mr. Wetston is a former chair of the Ontario Securities Commission, former chair of the Ontario Energy Board, former commissioner of competition and was a federal court judge.

Integration of Australia via successful implementation of proven global systems...

A key company goal is to strengthen execution and consistency across its global operating footprint, including raising margins and profit trends in Australia to the levels that VIQ's U.S. and UK operations register. The company's U.K. and North American operations consistently exceed 60% gross margins, according to VIQ, which attributes this to the scalability of its platform. However, Australia has lagged on margins and other key metrics.

The company acquired Auscript Australasia in Australia in December 2021. Auscript was a leading supplier of secure court recording and transcription services primarily for courts and law firms, making VIQ one of the largest providers of recording and transcription services in the Asia Pacific region. Auscript generated roughly \$12 million in incremental annual revenue, which more than doubled VIQ's revenue base at that time and made Australia its largest region.

Revenue Breakdown 9mos 2025



Source: Zacks from company reports

At the time of the Auscript acquisition, VIQ expected to implement NetScribe powered by aiAssist across the Auscript client base. However, the implementation process was much slower than anticipated, reflecting a combination of the impact of COVID lockdowns in Australia and the former management's lack of operating experience in the region.

As part of its management restructuring, VIQ's newly appointed Global Head of Operations, Elizabeth Pennell, was charged with overseeing VIQ's Australian business unit to accelerate customer adoption of VIQ technology and processes and, in turn, drive profitability. As noted, the company's strategy is to leverage its AI-enabled technology platform for the majority of high-volume speech to text transcription and use manual efforts to focus on quality assurance.

... and company expects improved financial performance in 2026 and beyond

Management has implemented processes that have proven successful in its U.S. and UK units to improve on-time delivery to Australian customers and optimize costs there including using contractors and boosting efficiencies and profitability. The company is confident about the benefits of its changes and has already generated improvements. Redundancies in Australia have been eliminated and delays reduced. In the past, such delays led to fees imposed on work delivered late, a primary factor behind a revenue decline from the region in the first nine months of 2025. Moreover, outreach to existing and

prospective customers has increased and VIQ is optimistic that the Australian customer base growth will resume. The company expects improved financial performance in 2026, including gross margins, EBITDA, profitability and cash flow.

Balance sheet strengthening measures

VIQ 's capital allocation strategy focuses on generating organic growth, investment in technologies, M&A, and balance sheet deleveraging measures. The company obtained a loan from Beedie Investment in 2023 and amended their loan agreement in August 2025, in conjunction with restructuring measures noted above. While this amendment led to increasing the loan principal and accrued interest, it relieved the overhang of potential default. Beedie agreed to a period of forbearance until April 30, 2026, and VIQ is actively engaged in discussions with lenders to obtain new financing. Importantly, the company has indicated its optimism about its prospects to replace and improve credit terms now that its financial outlook appears to have improved.

Moreover, in 4Q25, VIQ closed a private placement of 13.9 million units at a price per unit of \$0.13 for aggregate gross proceeds of about \$1.8 million. As noted, management participated in the private placement, which we view positively. The capital is earmarked to fund growth initiatives, including tuck-in acquisitions, and technology enhancements.

Separately, the company has filed notice with the TSX Venture Exchange and entered into a repurchase agreement with Beacon Securities to repurchase up to 3.5 million of its shares. We view this as another positive and believe it reflects the company's optimistic outlook on its business and goal to deliver shareholder value.

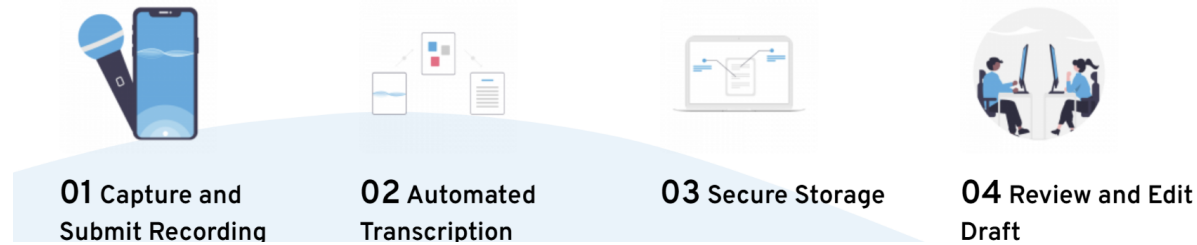
Solutions portfolio extensions, upgrades; multi-year technology roadmap

The company believes its clients attain significant benefits from adopting VIQ technology, particularly NetScribe and FirstDraft, including streamlining their production costs and shortening turnaround times. VIQ cites regular daily use of NetScribe as contributing to up to 30% improvements in efficiency. VIQ also continues to expand and upgrade its product portfolio and has what it calls its multi-year technology roadmap. The company's strategy is to increase accuracy and strengthen the quality and consistency of its delivered solutions and customer service across its global footprint by leveraging its existing technology and extending and upgrading its offerings by introducing new solutions.

Introducing new solutions has been a consistent element of VIQ's strategy to provide an end-to-end suite of transcription solutions, often in response to customer feedback or requests. For instance, VIQ unveiled FirstDraft in March of 2021. As the name implies, FirstDraft, powered by aiAssist, enables faster turnaround of transcripts for early first draft review, in advance of editing. FirstDraft converts audio files to text quickly, leveraging the VIQ speech recognition engine, enabling faster turnaround than under prior methods.

FirstDraft conversions have "up to 95% accuracy," according to VIQ, providing access to interviews, testimonies, recorded calls and dictations when clients need fast turnarounds. Although the transcript still needs to be put through editing, the FirstDraft transcript allows users to get a written document that they can use quickly. Clients then have the option to submit for professional editing by VIQ or edit themselves.

How FirstDraft works.



Source: [Company reports](#)

The company continues to introduce new solutions to expand the tools it offers existing and prospective clients. For example, VIQ recently introduced plans for VIQ SmartAudit, which is an advanced verification and quality-assurance technology under development that is scheduled for release in mid-2026. VIQ SmartAudit is designed to improve transcription accuracy and multi-speaker content by leveraging a data-driven process of reviewing and validating digital recorded content. VIQ also recently introduced NetScribe Advanced Formatter, an advanced automation enhancement designed to streamline court documentation workflows. With its expanding product portfolio – including FirstDraft – the company believes it can address a greater portion of the TAM.

Increased focus on new business development & strategic M&A tuck ins

As the company achieves many of the goals outlined above, including gaining efficiencies and resumed growth in Australia and strengthening its balance sheet, it concurrently is also increasing its focus on new business development. As noted, VIQ's Global Head of Operations has been working directly with customers in Australia and is engaged in discussions for expanding existing business and winning new contracts, according to VIQ.

At the same time, the company also expects to complete strategic M&A tuck-ins in coming quarters. In the past, the company had pursued an M&A rollup strategy within the digital transcription space and has completed multiple transactions. For example, VIQ acquired three companies in 2018 that expanded its customer base by about 450 customers. To-date, its largest transaction has been the 2021 acquisition of Auscript. The company expects to consider only prospective transactions that would be accretive and has indicated that it has already identified some potential acquisition targets. VIQ believes its experience would enable seamless integration of acquired companies.

INDUSTRY OUTLOOK

The backdrop of industry trends could provide a positive tailwind for the company's growth. Digital transcription capabilities benefit industries like journalism, market research, legal, healthcare, and more by enhancing accuracy, accessibility, and efficiency. A primary advantage of AI-driven transcription is speed and accuracy levels are improving and demand for digital transcription is growing in multiple industries.

For example, market research firm Future Markets Insights [forecasts](#) the 2024-2034 CAGR for the legal transcription market at 6.5% from an estimated US\$21.2 billion to a projected US\$39.9 billion, driven by the rise in the number of court proceedings, depositions, and other legal recordings in legal documentation and rising adoption of artificial intelligence (AI) and machine learning (ML) in the software is a game-changer for the market.

Market research firm Grand View Research forecasts overall transcription industry growth at a CAGR of 5.2% from 2025 to 2030, reflecting the benefits of transcriptions, including speed, efficiency, accessibility and compliance, among others. This anticipated growth will be driven by growing demand for voice-to-text applications and the increasing penetration of multi-speaker content and AI and ever expanding volume of data, among other factors. The growth in the amount of data that needs to be converted will also drive demand for maintaining the security of the content that sometimes make organizations more vulnerable to data breaches, we believe.

Moreover, the transcription industry is fragmented, according to VIQ, with myriads of mom and pops operating small companies. VIQ management believes the market is undergoing major disruption as companies adopt AI technology to boost productivity and economics. Many mom and pops cannot compete and there has been consolidation. High profile transactions include Microsoft's acquisition of Nuance Communications in 2022 and Tyler Technologies' pending acquisition of For the Record.

Current primary focus: courts / law, insurance, criminal justice & media industry

The company believes its technology platform extends its TAM to an estimated at multibillion dollar opportunity, with government services, courts and law, insurance related services key target sectors. While digital transcription arguably could benefit a broad number of sectors, VIQ's current focus is primarily on these and law enforcement / criminal justice and the media industry.

Legal & Courts

- Rapid movement to hybrid proceedings
- Increased adoption of digital capture technologies and alternatives to traditional court reporters
- Increase integration of AI and transcription, FirstDraft, to address resource shortages and improve trial prep

Criminal justice

- Increased need for documentation of recorded activities for greater transparency
- The demand for rapid release of information drives increased turn-around time



Insurance

- Digital disruption is a given and tech-infused organizational processes will become more commonplace
- Advanced analytics and machine learning to develop more granular individual profiles
- AI implemented to eliminate paperwork, create efficiencies, and minimize fraud

Media, corporate finance & government

- The use of AI for both speech-to-text and data mining is key to speed accessibility of information and to enable searchable content

Source: Company reports

The need for secure and timely delivery of accurate transcriptions is paramount for sectors such as law enforcement and judiciary and often regarding insurance claims, where VIQ technology can simplify converting digital recordings from legal proceedings or other material events quickly.

Most of the company's focus industries generally rely on evidence and data. For example, courts increasingly rely on digital court recording technologies for the secure capture of depositions, witness statements, attorney questions, judge summaries or instructions, and other recordings, according to the company. Similarly, professionals operating in the legal sector rely on these recordings, as well. The company believes its digital court recording technology produces high-quality, verbatim transcripts that are delivered on time in a secure manner and provide tools to improve workflows for courtroom personnel and manage access to content for review.

Cyber risk more prevalent and threats becoming more sophisticated

Moreover, the VIQ platform is secure and operates in compliance with regulatory oversight frameworks, according to the company. The need for secure delivery of content is critical in many of the sectors in which VIQ's clients operate, particularly as cyberattacks are occurring more frequently and becoming more sophisticated, according to studies by research firms such as Ponemon Institute and Experian, among others. While many are the result of intentional hacks, often employees and other insiders inadvertently expose sensitive or confidential information that can lead directly to data breaches. The average cost of a data breach varies from one industry to another. Regardless of cost, data breaches are harmful, particularly for industries that deal with sensitive and confidential information.

For example, according to [U.S. government courts website](#), the federal Judiciary is "taking additional steps to strengthen protections for sensitive case documents." These added measures are a response to what it terms "recent escalated cyberattacks of a sophisticated and persistent nature on its case management system." While most documents filed with the Judiciary's electronic case management system are not confidential and available to the public, some contain confidential or proprietary information that are sealed from public view and can be targets of a range of threats and cyber risks continue to become "more sophisticated."

MANAGEMENT

Chief Executive Officer (CEO)

Larry Taylor was named CEO in December 2025 after filling that role on an interim basis for several months. In addition, he is the president of Toronto-based Taylor Made Solutions and is a CEO Group Leader for CEO Global Network.

He has extensive CEO experience. In addition, he was a Managing Partner at Ernst & Young and also has broad management consulting experience assisting various multinational and regional organizations, including as an experienced investor working with private equity firms, public and private companies to identify, acquire and combine companies to deliver shareholder value. He also services as Board Chair for the Green Energy Co-op and Spark Power.

Board Chair and Lead Independent Director

Brad Wells has more than 25 years of experience as an entrepreneur who has seeded, owned and operated multiple companies. He is VIQ's largest shareholder and as a result, we see his interests as highly aligned with those of public shareholders.

Chief Financial Officer (CFO)

has more joined VIQ in 2019. He has more than 20 years of experience in finance and accounting across a broad range of industries, including Real Estate and Technology. Prior to joining VIQ, he previously served as Vice President of Finance for Jonas Software, which was a subsidiary of Constellation Software, an international software provider. He has led the integration of multiple M&A transactions, including at VIQ.

Global Head of Operations

Elizabeth Pennell is Global Head of Operations. She is charged with leading the ongoing integration of VIQ's Australian business unit, including accelerating customer technology adoption and driving profitability there. She has more than 30 years of industry experience and initially joined VIQ in January 2020 through VIQ's acquisition of ASC Media. She previously led the integration of the company's U.S. and U.K. operations.

RECENT FINANCIAL AND OPERATING RESULTS

3Q25 results reflect benefits of restructuring & profit optimization measures

VIQ reported 3Q25 total revenue of \$10.9 million, which represented a roughly 2% year-over-year decrease from \$11.1 million registered in the comparable period of 2024. The decrease largely relates to lower transcription volumes in Australia as VIQ pursues restructuring and profit optimization measures there. The company believes it has eliminated redundancies in Australia and reduced delays on delivering completed transcripts. In the past, such delays have led to abatement fees on work already completed, which was a factor behind the revenue decline from the region in the first nine months of 2025, as fees generally are based on turnaround times and are reduced by late delivery of transcripts. At the same time, production that missing customer deadlines also usually leads to paying overtime to transcriptionists to accelerate the timeline.

The company has indicated that transcript deliveries at the Australian operations have mostly caught up at this point in terms of meeting scheduled delivery deadlines, with late delivery fees largely resolved. Once the Australian operations have fully integrated the processes and infrastructure that are working well in VIQ's other key markets, it is expected to contribute to a roughly \$3+ million annual lift in operating performance.

Despite the lower consolidated revenue base, VIQ's 3Q25 gross profit improved 1.3% year-over-year to \$5.2 million and its gross profit margin improved to 48% from 46.3% in 3Q24. Moreover, SG&A declined 11% in 3Q25, reflecting organizational restructuring steps and expense management. The company closed certain offices and implemented staff reductions and relocations to reduce overhead costs. The company also expects to transfer a substantial amount of work in Australia to outside contractors, as it has at other operating units, to further lower relative costs.

VIQ recognized a non-recurring \$1 million restructuring charge in 3Q25 related to the leadership changes noted earlier and implementing global systems and processes in Australia. VIQ reported a net loss of \$1.7 million in 3Q25, an increase of 57% from a net loss recognized in the comparative period in 2024. The increase reflects factors noted above and higher organizational restructuring costs and loss on modification of debt. Adjusted EBITDA for 3Q25 was \$1.4 million, an improvement of 72%, from the comparative period in 2024.

Optimization benefits over the 9mos period

Total revenue for the first nine months of calendar 2025 came in at \$30.9 million compared to \$32.6 million in the comparative period of 2024. This represents a 5% year-over-year decrease on lower transcription volumes in Australia, as noted above. However, reflecting VIQ's steps to improve efficiencies and boost profit margins across its global footprint, particularly in Australia, which represents its largest revenue generating market and where margins have lagged other key regions, gross profit margin increased to 49.1% versus 45.4% in the comparable 2024 period and gross profit improved 3.7% to \$15.2 million from \$14.8 million.

The company cited improved operational efficiency and productivity related to Netscribe implementations, as well as price increases on certain customer contracts and higher margins from software license sales as key factors contributing to the margin improvement. Adjusted EBITDA improved to \$1.7 million from \$1.48 million in the comparative period in 2024.

VALUATION

We believe it is difficult to compare VIQ shares to those of other companies, as there does not seem to be a direct publicly traded comprehensive competitor for its technology platform. Companies that offer digital transcription, speech-to-text and / or AI-enabled voice recognition services generally are privately-held or subsidiaries of larger conglomerates, particularly of substantially larger tech companies. For instance, Microsoft offers Azure speech-to-text services, Alphabet offers Google Cloud speech-to-text powered by Gemini and Amazon offers Amazon Transcribe, to name a few.

In contrast, VIQ is a pure play AI-powered digital transcription company with a focus on organizations that can benefit from its hybrid model leveraging AI to do the early 'heavy lifting' and layering on manual review to enhance quality and accuracy. We therefore believe that the company's platform could prove beneficial to a broad range of sectors over time and potential market share gains within its focus sectors in the near- to medium-term. We believe the market opportunity is large and growing, as noted.

VIQ is optimistic about its growth plans and strategy as it expands its product line, aligns Australia with profit metrics its other markets command and potentially completes tuck-ins. The shares have been under pressure reflecting, we believe, concerns about the restructuring measures, replacing its credit facility and potentially further issues in Australia, as well. It would not surprise us to see investors wait in the near-term for upcoming milestones. Nevertheless, if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

We value VIQ shares on a price-to-sales (P/S) basis, as we believe other traditional valuation metrics such as P/E or EV/EBITDA are not appropriate at this stage. Based on our 2026 revenue forecast, which we believe could prove conservative, VIQ shares trade at a significant discount to peers in the cloud based technology space. While we noted there are no apparent direct publicly traded peers, using the overall cloud based technology sector as a general benchmark, on a price-to-sales (P/S) basis, these players trade at a wide range of multiples that range from under 2x to more than 5x or even 10x revenue for some.

We also point to takeout interest in the space. Nuance Communications, was a publicly traded player that helped consolidate the medical transcription market through a series of M&A transactions and organic measures much as VIQ intends to do in its core silos. On a multiple of forward revenue basis, Nuance shares commanded a multiple at the higher end of the industry average, according to consensus data at the time. Microsoft acquired Nuance at a valuation that implied a roughly 23% premium to where they had been trading prior to the announced offer. We believe this underscores the importance of the sector and also potentially could imply a higher valuation for VIQ shares *over time*.

Perhaps more germane to VIQ's business and more timely, Tyler Technologies, which supplies technology solutions to the public sector, has announced its pending [acquisition](#) of For the Record. Tyler expects it will boost its transcription capabilities for courts. For the Record focuses on the audio portion of court proceedings with solutions including AI-powered transcriptions and has a nationwide footprint. It is private so the multiple implied by the reported \$212.5 million imputed EV transaction value has not been disclosed. However, we believe it underscores interest in the space based on the industry outlook. Tyler Technologies trades at about 6x on a P/Sales basis, based on Yahoo Finance data.

We expect the multiple gap on VQS shares to narrow compared to peers, as the company continues to make strides in its organic and acquisition-driven growth strategy and we anticipate multiple expansion. We apply a 2x multiple to our 2026E revenue projection, the lower end of the above noted range. We note that our projection does not take into consideration possible M&A transactions in 2026. We also apply a 50% confidence metric to account for potential fluctuations in anticipated operating improvements or share price multiply expansion. On this basis we derive a valuation of about US\$0.62 or C\$0.85.

As the company continues to advance the platform and hits certain milestones such as announcing a new lender, we would anticipate multiple expansion on VIQ shares and we also might modify our confidence adjustment factor. We believe uncertainty could continue to overhang the shares in the near-term but that the risk / reward could be attractive for investors with a longer time horizon.

RECENT NEWS

- VIQ announced that it filed for share repurchases on December 17, 2025.
- On December 10, 2025, the company announced the appointment of Larry Taylor as CEO.
- The company introduced its development of VIQ SmartAudit advanced verification technology designed to enhance accuracy and consistency across all verticals on December 2, 2025.
- On November 18, 2025, VIQ introduced advanced automation to transform court documentation workflows.
- VIQ reported 3Q25 results on November 12, 2025, with adjusted EBITDA up 72% year-over-year.
- On November 5, 2025, VIQ announced the closing of its upsized private placement.
- The company completed a voluntary delisting from the TSX and TSXV listing on October 20, 2025.

RISKS

Risks to VIQ achieving its objectives, and to our valuation, include the following.

- VIQ might need to raise additional capital earlier than or at a more dilutive valuation than expected.
- There might be delays in the company's timelines.
- The new product launches might not produce the results that management anticipates.
- Traction with prospective customers might take longer than expected or might not come at all.
- The company might not be able to advance its tuck-in strategy if M&A transactions take longer than expected to close or are too expensive to acquire.
- Other competing technologies might advance faster than the company's.
- VIQ might not gain market share or wallet share as quickly as it expects.
- The company could incur unanticipated costs associated with its growth strategy and for marketing to promote its platform.

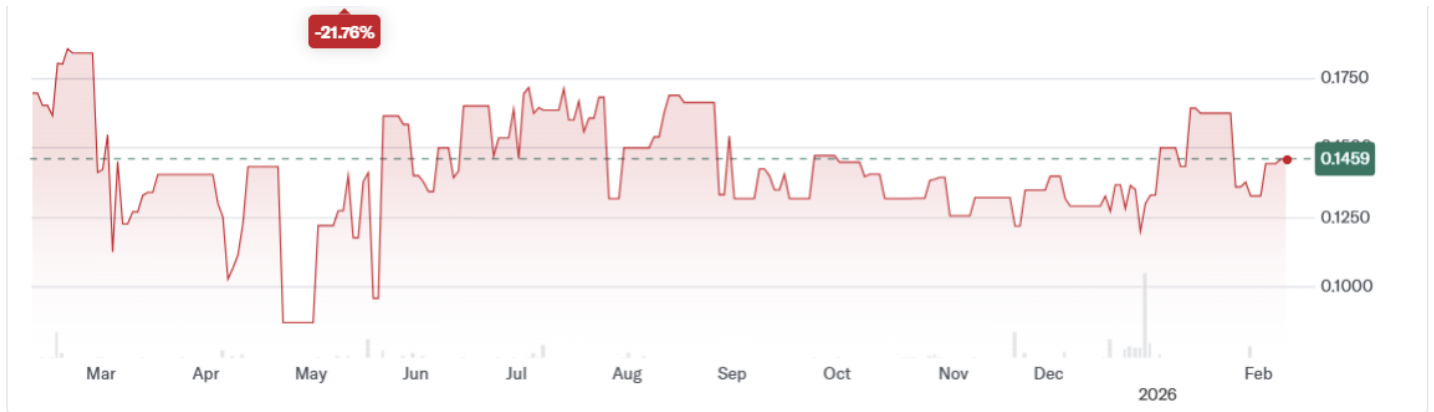
FINANCIAL MODEL

VIQSolutions Inc. (US\$m)

	1Q25A	2Q25A	3Q25A	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2025E
Revenue	\$9.6	\$10.4	\$10.9	\$10.9	\$41.9	\$9.7	\$11.1	\$12.0	\$13.0	\$45.7
Cost of sales	4.6	5.4	5.7	5.7 ▲	21.4	5.0	5.7	6.1	6.4	23.3
Gross profit	5.0	5.0	5.2	5.2	20.4	4.6	5.3	5.9	6.6	22.5
Gross margin	51.9%	48.0%	47.8%	47.9%	48.8%	47.9%	48.1%	49.0%	51.0%	49.1%
Selling & admin expenses	3.8	3.9	3.6	3.6	15.0	3.6	3.6	3.7	3.7	14.6
R&D	0.1	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.9
Stock-based comp	(0.0)	0.3	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.2
Gain / (loss) on revaluatic	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
FX	(0.1)	(0.4)	(0.3)	(0.3)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)
D&A	0.9	0.8	0.8	0.8	3.3	0.8	0.8	0.8	0.8	3.2
Interest expense	0.5	0.4	0.4	0.4	1.8	0.4	0.4	0.4	0.4 ▲	1.8
Accretion & other	0.4	0.5	0.6	0.6	2.0	0.6	0.6	0.6	0.6 ▲	2.2
Loss on debt modificator	-	-	0.7	-	0.7	-	-	-	- ▲	-
Restructuring costs	(0.0)	0.0	1.0	-	1.1	-	-	-	- ▲	-
Strategic review costs	1.2	0.1	(0.3)	-	1.0	-	-	-	- ▲	-
Other	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0) ▲	(0.0)
Total expenses	6.8	5.9	6.9	5.4	24.9	5.4	5.4	5.4	5.4	21.6
Pretax income	(1.8)	(0.8)	(1.7)	(0.2)	(4.5)	(0.8)	(0.1)	0.5	1.2	0.8
Tax expense	5.0	6.0	7.0	5.0	23.0	5.0	5.0	5.0	5.0	20.0
Net loss / income	(6.8)	(6.9)	(8.7)	(5.2)	(27.5)	(5.8)	(5.1)	(4.5)	(3.8)	(19.2)
EPS or LPS	(\$0.13)	(\$0.13)	(\$0.16)	(\$0.09)	(\$0.51)	(\$0.08)	(\$0.07)	(\$0.06)	(\$0.05)	(\$0.26)
Avg shares outstanding	52.3	52.6	53.8	58.4	54.3	72.2	72.4	72.4	72.4 ▲	72.4
Adj EBITDA	0.87	0.96	1.35	1.34	4.53	1.34	1.39	1.53	1.76	6.03

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



Source: Yahoo Finance

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