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Zacks Small-Cap Research

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VIQ Solutions Inc. (V.VQS: TSXV)

V.VQS: Accelerated Growth Expected as Product Portfolio Expands, Customer Penetration Deepens, Strategic Tuck-ins

VIQ reported a 2nd sequential quarter that we believe validates its decision to exit Australia and focus activities and capital resources on North America & UK operations, which have been VIQ's best performing segments. This focus is expected to contribute to resumed growth & improved operating efficiency and margins. 3Q26 margins benefitted from cost reduction measures.

Current Price (11/20/26)	C$0.07
Valuation	**C$0.25**

OUTLOOK

VIQ expects growth to accelerate as it expands its product portfolio, engages with existing sizable customers to deepen penetration, as well as with new and prospective customers, and evaluates strategic tuck-in opportunities. The company believes its clients attain significant benefits from adopting VIQ technology & continues to innovate, expand and upgrade its portfolio of technology 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.

SUMMARY DATA

52-Week High	**C$0.24**
52-Week Low	**C$0.06**
One-Year Return (%)	**-61**
Beta	**1.05**
Average Daily Volume (sh)	**19,465**
Shares Outstanding (mil)	**71**
Market Capitalization ($mil)	**C$5**
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	**High**
Type of Stock	**Small-Value**
Industry	**Technology Services**

ZACKS ESTIMATES

Revenue
(in millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	10.6 A	41.5 A
2026	4.9 A	5.1 A	5.2 A	5.3 E	20.5 E
2027					25.2 E

EPS / Loss per share
(US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	-$0.04 A	-$0.01 A	-$0.02 A	-$0.07 A	-$0.14 A
2025	-$0.04 A	-$0.02 A	-$0.03 A	-$0.14 A	-$0.25 A
2026	$0.00 A	$0.02 A	-$0.00 A	-$0.00 E	-$0.01 E
2027					-$0.00 E

Qs might not sum reflecting rounding '26 revenue PF

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MARGINS IMPROVE AS CORE OPERATIONS HAVE CONSISTENTLY HIGH MARGINS

Accelerated growth expected as product portfolio expands, customer penetration deepens & on strategic tuck-in opportunities

Toronto, Canada-based VIQ Solutions (VQS.V -TSXV) reported a second sequential quarter that we believe validates the company's decision to place VIQ Solutions Australia Pty Ltd into voluntary administration once it determined that improving Australia's results was more complex than originally expected. VIQ believes this move enables management to focus its activities and capital resources on existing operations in its North American and UK operations to resume growth and attain profitability. North American and UK operations historically have been VIQ's best performing business segments.

VIQ operates a technology platform that offers AI enabled video capture software and audio recording with voice-to-text capabilities. The company reported 3Q26 results last week that we believe underscore improving operating efficiency and margin expansion ex-VIQ Australia, as management had indicated. The company reported consolidated 3Q26 revenue of $5.2 million excluding VIQ Australia, up 1% on the same basis. VIQ Australia is reported as discontinued operations in 3Q26.

VIQ expects growth in core markets, particularly as the company expands its product portfolio, engages with existing sizable customers to deepen its penetration, as well as with new and prospective customers, and evaluates strategic tuck-in opportunities. The company believes its clients attain significant benefits from adopting VIQ technology as it continues to innovate and expand and upgrade its portfolio of technology 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.

Roadmap for resumed growth

- Expanding product portfolio
- Engaging with largest customers to deepen penetration
- Strategic tuck-ins

Expanding product portfolio as VIQ continues to introduce new tools

The company continues to introduce new solutions to expand the tools it offers existing and prospective clients. VIQ recently announced a new partnership with Canadian venture studio AXL to introduce an innovation in identifying who is speaking in multi-speaker recordings designed for an impressive 97% to 99% accuracy. In addition, the company recently launched NetScribe® Live, a recording and streaming platform designed for recorded proceedings.

VIQ's plans to continue to expand and upgrade its product portfolio with a primarily focus on targeted 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, among other key enhancements.

Other recent introductions include VIQ SmartAudit, an advanced verification and quality-assurance technology 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, the company believes it can address a greater portion of the TAM.

Engaging with largest customers to deepen penetration as customers benefit from VIQ tools

Much of the company's revenue comes from long-term contracts with government agencies and Fortune 500 companies, according to VIQ, and the company believes its long-term relationships with clients form a strong foundation for future growth and market penetration. High profile companies have been or are clients of VIQ's media business unit, among other silos. The company continues to grow its customer base in its key verticals organically and expects to grow the base via strategic acquisitions, as well.

VIQ believes that when clients use its technology tools are streamlining their production costs and shortening turnaround times. VIQ cites regular daily use of NetScribe as contributing to up to 30% improvements in efficiency. Moreover, with a growing portfolio of tools and solutions, VIQ is optimistic that it can continue to expand its customer base and boost stickiness with existing customers. VIQ is also 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. Importantly, the SaaS model generates recurring and predictable monthly revenue and also helps offset revenue fluctuations that arise from fluctuations in volumes.

As proof-of-concept that its tools enhance clients' productivity and efficiency, VIQ recently extended two multi-year, multi-million-dollar contracts in its key U.S. and U.K. business units. The first extension is with a client in the Media space. The agreement extends the contract through 2Q 2029. It represents about US $1.6 million in annual revenue. The second extension is with a UK government client. The agreement extends the contract until 3Q 2028 and represents about US $800k in annual revenue. VIQ has also renewed multiple client contracts in courts, law enforcement and other government agencies in the U.S. The company believes these deployments and contract extensions or expansions offer proof of concept of the benefits and scalability of NetScribe.

Gross margins, other key metrics improved

Gross margins improved. VIQ's 3Q26 gross margin expanded to 70.0% up from 65.5% in 3Q25. Gross profit increased 8% year-over-year to $3.6 million compared to $3.4 million in 3Q25. Gross profit margin increased to 70.0%, up from 65.5% in the comparative period in 2025. However, we believe margins benefitted from high margin business that closed during the quarter and could fluctuate on a quarterly basis. Nevertheless, with the company's U.K. and North American operations consistently exceeding 60% gross margins, according to VIQ, which attributes this to the scalability of its platform and reflecting benefits of cost containments, we expect strong margins going forward. 3Q26 benefited from headcount cost savings due to organizational restructuring and lower IT costs, factors we expect will contribute to operating improvements in subsequent quarters.

VIQ generated positive adjusted EBITDA and positive cash flow in 3Q26 as gross margins improved. Adjusted EBITDA was $1.4 million, an increase of 64% compared to 3Q25 and compared to $1.0 million in 2Q26, primarily reflecting lower recurring operating expenses. The company had implemented a cost reduction program, as noted. This represents the 10th consecutive quarter of positive adjusted EBITDA. Moreover, VIQ expects cost reductions to contribute to increases in EBITDA and cash flow going forward.

BALANCE SHEET

The company is focused on strengthening its balance sheet and obtaining a new credit agreement. VIQ obtained a loan from Beedie Investment in 2023 and amended their loan agreement in August 2025, in conjunction with broader operating and restructuring measures. Beedie agreed to extend the forbearance period.

VIQ entered into another amendment to the agreement with Beedie on May 25, 2026. Beedie agreed to extend the period of forbearance again. While Beedie retains the right to demand or accelerate the repayment of the notes, VIQ is engaged in continuing discussions with Beedie and is also exploring options to repay and replace the agreement.

It would not surprise us if the two agreed to further extend the forbearance until a replacement is in place, as VIQ seeks opportunities to restructure and eventually replace the debt. VIQ also intends to reduce the debt. VIQ had cash of $3.0 million as of September 30, 2026.

VALUATION

The shares have been under pressure reflecting, we believe, concerns about Australia remaining an overhang, risk that further impairments or write-downs could occur, negotiations with Beedie and potential success of additional restructuring measures, among other factors, exacerbated – we believe – by general market concerns. It would not surprise us to see investors wait for upcoming milestones in the near-term. Nevertheless, VIQ is optimistic about its growth plans and strategy as it expands its product line and potentially completes tuck-ins. if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time. However, given concerns outlined above, pressure on the shares could persist until/unless there is evidence of resumed growth and profit expansion.

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.

VIQ, in contrast, 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.

We continue to 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*. 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 lower our confidence metric to 45% from 50% before to account for potential timeline delays in anticipated operating improvements and expansion. On this basis we derive a valuation of about US$0.18 or C$0.25.

In successful execution of growth measures, we would anticipate multiple expansion on VIQ shares and we also might modify our confidence adjustment factor. Although we believe uncertainty could continue to overhang the shares in the near-term, as noted, the risk / reward could be attractive for investors with a longer time horizon, in our view.

RECENT NEWS

- VIQ reported 3Q26 results on November 12, 2026.
- On June 15, 2026, VIQ announced client contract extensions and upcoming product release.
- VIQ provided an update on the Voluntary Administration process in Australia on June 4, 2026.
- VIQ reported 1Q26 results on May 26, 2026.
- VIQ announced Voluntary Administration of its Australian subsidiaries on March 15, 2026.
- 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.

RISKS

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

- Beedie might not agree to another extension before VIQ is able to restructure and/or replace the debt.
- 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

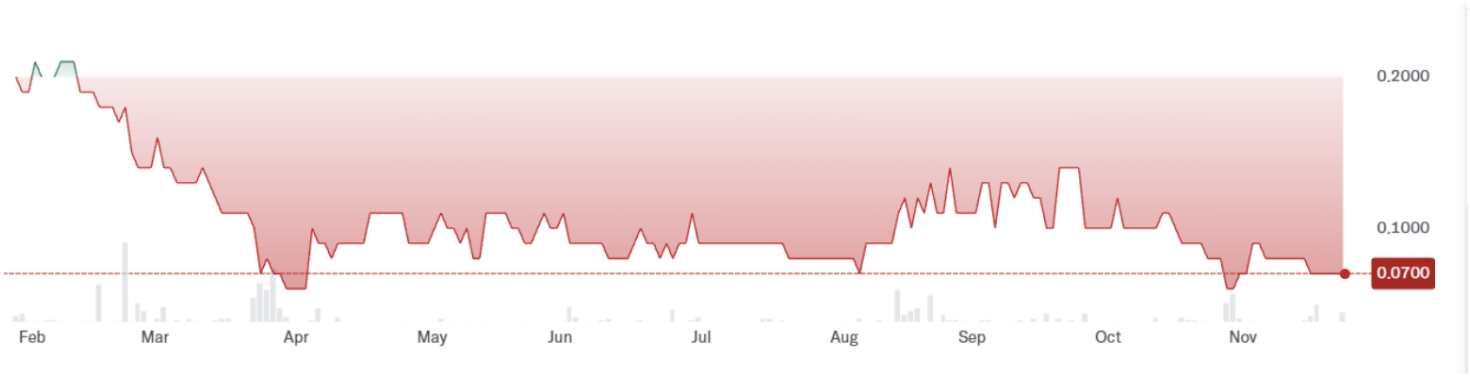
VIQ Solutions Inc. (US$m)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26A	4Q26E	2026E	2027E
Revenue	$9.6	$10.4	$10.9	$10.6	$41.5	$9.8	$11.5	$5.2	$5.3	$31.8	$25.2
Cost of sales	4.6	5.4	5.7	5.4	21.1	4.8	4.9	1.6	2.1	13.3	9.6
Gross profit	5.0	5.0	5.2	5.2	20.4	5.0	6.7	3.6	3.2	18.5	15.6
Gross margin	51.9%	48.0%	47.8%	49.0%	49.1%	50.8%	57.8%	70.0%	60.6%	58.1%	61.8%
Selling & admin expenses	3.8	3.9	3.6	3.2	14.5	3.5	3.6	2.2	2.3	11.6	10.5
R&D	0.1	0.2	0.2	0.2	0.7	0.2	0.2	0.0	0.0	0.4	0.4
Stock-based comp	(0.0)	0.3	0.0	0.0	0.4	0.1	0.1	0.1	0.0	0.2	0.2
Gain / (loss) on revaluatic	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	-	-	-	(0.0)	-
FX	(0.1)	(0.4)	(0.3)	(0.3)	(1.0)	(0.5)	(0.1)	0.0	(0.1)	(0.7)	(0.4)
D&A	0.9	0.8	0.8	0.8	3.3	0.3	0.3	0.3	0.4	1.3	1.0
Interest expense	0.5	0.4	0.4	0.5	1.9	0.5	0.5	0.5	0.5	1.9	2.1
Accretion & other	0.4	0.5	0.6	0.5	2.0	0.5	0.6	0.6	0.3	1.9	1.4
Loss on debt modificatior	-	-	0.7	-	0.7	-	0.0	-	-	0.0	0.0
Restructuring costs	(0.0)	0.0	1.0	0.1	1.2	0.2	0.2	0.1	-	0.5	-
Strategic review costs	1.2	0.1	(0.3)	-	1.0	-	-	-	-	-	-
Impairments				9.1	9.1	-	-	-	-		
Other	(0.0)	(0.0)	(0.0)	0.2	0.2	(0.0)	(0.0)	(0.0)	0.1	0.1	0.0
Total expenses	6.8	5.9	6.9	14.4	33.9	4.8	5.3	3.7	3.4	17.2	15.4
Pretax income	(1.8)	(0.8)	(1.7)	(9.2)	(13.6)	0.2	1.4	(0.0)	(0.2)	1.3	0.2
Tax expense	0.0	0.1	0.0	0.1	0.2	0.1	0.1	(0.0)	0.1	0.2	0.3
Net loss / income contin'	(1.9)	(0.9)	(1.7)	(9.3)	(13.8)	0.1	1.3	(0.0)	(0.3)	1.0	(0.1)
Discontinued operations								(4.2)			
Net (loss) profit	(1.9)	(0.9)	(1.7)	(9.3)	(13.8)	0.1	1.3	(4.2)	(0.3)	1.0	(0.1)
EPS or LPS	($0.04)	($0.02)	($0.03)	($0.14)	($0.25)	$0.00	$0.02	($0.00)	($0.00)	$0.01	($0.00)
Avg shares outstanding	52.3	52.6	53.8	65.1	56.0	69.6	74.5	70.5	70.5	71.3	70.8

Source: Company reports, Zacks estimates 2025 PF estimates, except where A is indicated, which = company disclosed approximate

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HISTORICAL STOCK PRICE



Source: Yahoo Finance

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