



VIQ Solutions Inc.

2024 Management's Discussion and Analysis of Financial Condition and Results of Operations

(Expressed in United States dollars)



VIQ Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2024

The following Management's Discussion and Analysis ("MD&A") comments on the financial condition and results of operations of VIQ Solutions Inc. for the three months and year ended December 31, 2024. This MD&A should also be read in conjunction with our annual MD&A and audited financial statements for the years ended December 31, 2023, and 2022, which we prepared in accordance with IFRS and are available on SEDAR at www.sedar.com.

Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to substantial risks and uncertainties. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" and "Risk Factors". The information in this MD&A is provided as of March 31, 2025, unless otherwise indicated.

Unless the context otherwise requires, all references to "VIQ", "Company", "VIQ Solutions", "our", "us", and "we" refer to VIQ Solutions Inc. and its subsidiaries.

All amounts herein are presented in United States dollars ("USD"), unless otherwise indicated.

Forward-Looking Statements

This MD&A contains forward-looking statements about our expected achievements, the timing of disclosure related to key performance indicators, the use of future cash and capital allocation, the remediation of material weaknesses in internal controls, the future adoption of technology, the future success of our business and technology strategies, performance, goals, and other future events. Management's assessment of future plans and operations, cash flows, methods of financing and the ability to fund financial liabilities and the timing of and impact of adoption of International Financial Reporting Standards "IFRS" and other accounting policies may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, the risks identified below.

Therefore, the Company's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. Although the Company currently believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because such statements are subject to substantial risks and uncertainties. The Company can give no assurance that such expectations will prove to be correct.

In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the expected impact of increasing competition; the general stability of the economic and political environment in which the Company operates, including significant changes in demand from the Company's clients as a result of the impact of a global economic crisis and capital markets weakness; the risk of potential non-performance by counterparties, including but not limited to, clients and suppliers, during uncertain economic conditions; the Company's dependence on a limited number of clients; the Company's dependence on industries affected by rapid technological change; the Company's ability to successfully manage its operations internationally including in the United Kingdom, Australia and the United States; the challenge of managing its financial exposures to foreign currency fluctuations; the Company's ability to obtain and retain qualified staff and services in a timely and cost-efficient manner; the Company's ability to obtain financing on acceptable terms when needed, including anticipated sources of funding of working capital and financial losses which may include securing credit facilities, accessing new equity, corporate acquisitions or business combinations or joint venture arrangements; the ability to secure new contracts on terms acceptable to the Company; the ability to successfully develop new products; the Company's ability to effectively register, for protection, its new and existing technologies and products in certain jurisdictions; the Company's ability to protect new and existing products from proprietary infringement by third parties and its ability to effectively enforce such proprietary infringements; taxes in the jurisdictions in which the Company operates, including Canada, the United Kingdom, Australia and the United States; and the Company's ability to successfully market its products. Readers are cautioned that the foregoing list of factors is not exhaustive.

The purpose of the forward-looking statements is to provide the reader with a description of management's current expectations regarding the Company's 2025 outlook and may not be appropriate for other purposes. Readers are encouraged

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to read the section entitled "Risk Factors" in this MD&A and the section entitled "Risk Factors" in the Company's Annual information form filed with the Ontario Securities Commission for a broader discussion of the factors that could affect its future performance. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Trademarks

This MD&A includes trademarks, such as "CapturePro", "aiAssist" and "NetScribe", which are protected under applicable intellectual property laws and are the property of VIQ. Solely for convenience, our trademarks referred to in this MD&A may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert our rights to these trademarks, trade names and services marks to the fullest extent under applicable law. Trademarks which may be used in this MD&A, other than those that belong to VIQ, are the property of their respective owners.

Non-IFRS Measures

The Company prepares its financial statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into our performance and financial condition. We believe non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the consolidated financial statements.

We use the following non-IFRS financial performance measures in our MD&A:

- Adjusted EBITDA
- EBITDA
- Bookings
- Gross Margin for Technology Services
- Gross Margin for Technology and related revenue

For a detailed description of each of the non-IFRS measures and ratios used in this MD&A and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the "Key Operating Metrics – Non-IFRS Measures" section of this MD&A. The non-IFRS measures and ratios set out in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under IFRS, and therefore may not be comparable to other issuers, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Overview

VIQ Solutions is a leading provider of capture software and cloud-based transcription workflow automation, empowering government agencies and commercial enterprises to securely digitize and manage voice and video content.

Our proprietary technology delivers a seamless, end-to-end workflow platform that captures, transforms, and distributes complex digital content with precision and security. Serving over 4,000 active clients across the criminal justice, legal, insurance, media, government, and financial services sectors, we operate in the United States, Canada, Australia and United Kingdom.

Designed for scalability, our AI-driven solutions ingest and process large volumes of evidentiary content, generating accurate, diarized transcripts essential for mission-critical decisions with financial and societal impact. Unlike publicly

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available large language models, VIQ's proprietary AI models are built and continuously refined using specialized, industry-specific datasets unique to our clients.

By enhancing workflow automation, we drive operational efficiencies that reduce production costs, accelerate turnaround times, and improve gross margins. Our platform not only strengthens service quality and AI accuracy but also reinforces our competitive advantage, positioning VIQ Solutions for sustained profitability and growth.

Revenue

The stability and predictability of our revenue base are key indicators of our financial performance. A significant portion of our revenue is derived from long-term contracts with government agencies and Fortune 500 companies, ensuring consistent cash flow and minimal credit risk. These contracts provide a strong foundation for sustained revenue generation, with an expectation of stability or growth over time.

While our revenue is largely recurring, it is subject to volume fluctuations driven by client demand, seasonality, and external market factors. Variability in case volumes, court proceedings, insurance claims, and media activity can impact transcription and technology service volumes, influencing short-term revenue trends. However, our diversified revenue streams and scalable technology solutions help mitigate these fluctuations.

Our revenue is generated from multiple streams:

- **Transcription Services** – Fees for manual and AI-assisted editing and documentation services, subject to fluctuations in caseloads, legal proceedings, and client workflows.
- **Software-as-a-Service (SaaS)** – SaaS-based access to our hosted proprietary software and services solutions, providing consistent recurring revenue with lower exposure to volume volatility.
- **Subscription** – Revenue from reselling third-party software and tools.
- **Software Licenses** – Revenue from perpetual proprietary software licensing agreements sales.
- **Support & Maintenance** – Recurring fees for post-delivery client support, system updates, and ongoing software enhancements, contributing to revenue stability.
- **Professional Services** – Revenue from implementation, integration, training, customization and consulting services, which may vary based on new client adoption and system upgrades.

Despite volume-driven fluctuations in certain revenue streams, our diversified mix of services, strong client relationships, and ongoing technology adoption position VIQ Solutions for long-term revenue growth and profitability.

Cost of Sales

Cost of sales consists primarily of staff costs, independent contractors, professional services, the cost of hardware and third-party licenses to fulfill client arrangements.

Selling and Administrative Expenses

Selling and administrative expenses consist of personnel and related costs for our sales and marketing functions, including salaries and benefits, contract acquisition costs including commissions earned by sales personnel, direct marketing campaigns, public relations, and other promotional activities. Selling and administrative expenses also consist primarily of personnel and related costs associated with the administrative functions of our business including corporate, finance, and internal information system support as well as legal, accounting, other professional fees, investor relations, occupancy costs and insurance.

We continue to invest globally in sales, marketing, and business development to continue to diversify across segments, industries and geographies building awareness of global brand to increase our future revenue growth opportunities.

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Research and Development Expenses

Research and development expenses include personnel and related costs for ongoing research, development, and product management initiatives.

Business Overview of 2024

VIQ Solutions closed 2024 with a decisive shift toward scalable, technology-driven profitability. Our automation-first strategy, rigorous cost management, and strategic restructuring have significantly enhanced financial strength and operational efficiency. These efforts translated into a \$6 million year-over-year improvement in Adjusted EBITDA, reaching \$2 million and an 6% gross profit expansion. Our transformation into a fully scalable, AI-powered service provider will position VIQ for sustained financial resilience and long-term value creation.

Throughout 2024, VIQ made a strategic pivot, prioritizing automation-led efficiency gains over aggressive top-line growth. This disciplined approach enhanced scalability, boosted productivity, and drove consistent EBITDA expansion. While revenue grew 5% year-over-year to \$43.2 million, the real breakthrough came from a targeted transition to a variable-cost operational model, unlocking sustainable margin growth and free cash flow momentum.

Automation & Cost Efficiencies Driving Profitability

Australia, which accounts for 56% of our revenue, underwent a comprehensive AI-powered transformation. By implementing a proven six-step blueprint for tech enablement, successfully executed in the U.S. and U.K. in prior years. We improved margins, scalability, and service quality. This systematic approach will continue to fuel profitability in 2025 as we continue these efficiencies across the workflow in each region.

In Q4 2024, VIQ accelerated automation initiatives in Australia, maximizing productivity gains and operational flexibility. Our AI-powered transcription workflows and variable-cost model reduced reliance on fixed staffing while enhancing scalability and efficiency.

A Proven Six-Step AI Enablement Model Driving Results:

1. **Digitization of Legacy Workflows** – AI-powered transcription and human-in-the-loop optimization drive industry-specific accuracy.
2. **AI-Driven Workflow Automation** – Faster processing, reduced turnaround times, and enhanced content transformation.
3. **Security and Compliance Enhancements** – Strengthening regulatory adherence in legal, court, law enforcement, and insurance sectors.
4. **Operational Cost Restructuring** – Transitioning to a variable-cost model to lower overhead while maintaining high service quality.
5. **Scalability & SaaS Adoption Growth** – Driving increased SaaS penetration and recurring revenue through automation efficiencies.
6. **Continuous AI Optimization** – Enhancing Domain-Specific Language Models (DSLMS) and various post processing proprietary AI agents for superior transcription accuracy and efficiency.

This proven strategy has already delivered measurable margin expansion and service quality improvements, positioning Australia for strong profitability gains in 2025. The scalability of this model reinforces VIQ's ability to replicate its AI-driven success across global markets.

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Strengthening Recurring Revenue & Expanding Market Penetration

Beyond automation efficiencies, VIQ solidified its ARR base through major contract renewals and new enterprise agreements. Adoption of FirstDraft, our AI-powered transcription platform, doubled year-over-year, reflecting growing client demand and broader SaaS adoption across industries. The insurance sector emerged as a key growth driver, with AI-powered transcription solutions rapidly gaining traction.

Key Q4 2024 Operational Highlights:

- **Strengthened Recurring Revenue** – Renewals and new customer agreements reinforced ARR stability, ensuring predictable long-term revenue streams.
- **Productivity Gains in Australia** – Workforce optimization and automation-driven efficiencies aligned costs with volume fluctuations, boosting profitability.
- **FirstDraft SaaS Expansion** – AI-powered transcription adoption doubled, reflecting strong enterprise client engagement and expanded industry use cases.
- **Advancements in AI Platform Performance** – Continued improvements in DSLMs enhanced transcription accuracy, turnaround times, and scalability.
- **Insurance Sector Expansion** – Increasing demand for AI-driven transcription solidified VIQ's leadership in automating complex workflow solutions.
- **Operational Efficiencies & Cost Optimization** – AI-powered workforce restructuring and workflow optimizations yielded significant cost reductions and increased scalability.

With sustained cost discipline, AI-driven efficiencies, and an optimized operational structure, VIQ delivered consecutive quarters of positive adjusted EBITDA starting in Q2 2024. Our transformation underscores our ability to scale AI-driven automation globally, expand EBITDA margins, and drive positive free cash flow generation in 2025 and beyond.

VIQ Solutions is no longer just an industry player—we are a category leader in AI-powered transcription and workflow automation. As we continue to optimize and scale, our disciplined execution and financial strength position us as an attractive, high-growth investment opportunity.

Key Operating Highlights during the three months and the year ended December 31, 2024

- Total revenue for the three months ended December 31, 2024, was \$10,550,575 an increase of \$200,842 or 2% from \$10,349,733 recognized in the comparative period in 2023. Total revenue for the year ended December 31, 2024, was \$43,164,207, an increase of \$2,140,183 or 5% from \$41,024,024 recognized in the comparative period in 2023. The increase for the three months and year is primarily due to higher transcription volumes from Australia and higher technology sales than the comparative period. For the year ended December 31, 2024, we have increased SaaS revenue through sales of our FirstDraft services to \$315,837 which has increased 73% from the same comparable period last year.
- Gross Profit for the three months ended December 31, 2024, decreased by \$293,343 or 6%, to \$4,423,807, from \$4,717,150, for the comparative period in 2023. Gross Profit for the three months ended December 31, 2024, represented 41.9% of revenue versus 45.6% of revenue in the comparative period in 2023. Gross Profit for the year ended December 31, 2024, increased by \$1,116,026 or 6%, to \$19,228,098, from \$18,112,072, for the comparative period in 2023. Gross Profit for the year ended December 31, 2024, represented 44.5% of revenue versus 44.1% of revenue in the comparative period in 2023. The decrease in Gross Profit for the three months ended December 31, 2024 is primarily due to negative gross margin earned on certain media segment customer contracts including an onerous contract loss of \$151,860 relating to a specific vendor contract and \$129,018 retro pay adjustment for

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Australia employees due to streamlining of labor agreements. The increase in Gross Profit for the year ended December 31, 2024 is primarily due to higher revenue than comparative period 2023. The increase in Gross Profit % for the year ended December 31, 2024 is a result of improved operational efficiency and productivity tied to Netscribe implementations and improvement to certain customer contracts through volume and price increases. Excluding both the one-time adjustments for the onerous contract loss and Australia retro pay, Gross Profit % for three months and year ended December 31, 2024 would be 44.6% and 45.2% respectively, representing an improvement of 2.7% and 0.7% versus comparative periods in 2023.

- Net loss for the three months ended December 31, 2024, was \$3,555,601, an increase of \$622,265, or 21% from a net loss of \$2,934,336 recognized in the comparative period in 2023. Net loss for the year ended December 31, 2024, was \$7,046,079 a decrease of \$7,285,117 or 51% from a net loss of \$14,331,196 recognized in the comparative period in 2023. The increase in net loss for the three months ended December 31, 2024, is mainly attributed to lower gross profit, higher restructuring costs and strategic review costs incurred during the quarter. The decrease in net loss for the year ended December 31, 2024, is mainly attributed to higher gross profit, lower selling and administrative expenses, lower stock-based compensation and lower amortization.
- Adjusted EBITDA^[1], for the three months ended December 31, 2024, was \$493,608, an improvement of \$1,148,746, from an Adjusted EBITDA deficit of \$655,138 recognized in the comparative period in 2023. Adjusted EBITDA^[1], for the year ended December 31, 2024, was \$1,974,490, an increase of \$6,007,343, from an Adjusted EBITDA deficit of \$4,032,853 recognized in the comparative period in 2023. The improvement in Adjusted EBITDA for the three months ended December 31, 2024, is primarily due to reduced selling and administrative expenses mainly driven by reduction in IT related costs as a result of system integrations, lower professional service fees and lower headcount related costs due to organizational restructuring. The improvement in Adjusted EBITDA for the year ended December 31, 2024, is primarily due to higher gross profit, reduced selling and administrative expenses mainly driven by reduction in IT related costs as a result of system integrations, lower professional service fees and lower headcount related costs due to organizational restructuring.

^[1] Adjusted EBITDA is earnings before stock-based compensation, depreciation, amortization, interest expense, accretion and other financing costs, loss or gain on revaluation RSUs, loss or gain on revaluation of derivative warrant liability, restructuring costs, other income and expense, foreign exchange loss, strategic review costs, loss on modification of debt, gain on contingent consideration, impairment of intangibles, and current and deferred income tax expense (recovery), is a non-IFRS measure. Please refer to the section entitled "Non-IFRS Measures."

Results of Operations

Key financial performance indicators that we use to manage our business and evaluate our financial results and operating performance include revenue, expenses, gross profit, net income (loss) and Adjusted EBITDA. We evaluate our performance on these metrics by comparing our actual results to management budgets, forecasts, and prior period performance.

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The following table sets forth a summary of our results of operations for the three months and year ended December 31, 2024, and 2023:

Unaudited

	Three months ended December 31		Period over Period Change		Year ended December 31		Period over Period Change	
	2024	2023	\$	%	2024	2023	\$	%
Revenue	10,550,575	10,349,733	200,842	2	43,164,207	41,024,024	2,140,183	5
Cost of sales	6,126,768	5,632,583	494,185	9	23,936,109	22,911,952	1,024,157	4
Gross profit	4,423,807	4,717,150	(293,343)	(6)	19,228,098	18,112,072	1,116,026	6
Gross profit %	41.9%	45.6%			44.5%	44.1%		
Expenses								
Selling and administrative expenses	4,174,244	5,475,908	(1,301,664)	(24)	17,005,500	21,738,200	(4,732,700)	(22)
Research and development expenses	158,397	158,855	(458)	(0)	650,551	679,589	(29,038)	(4)
Gain on contingent consideration	-	-	-	-	-	(10,389)	10,389	100
Stock-based compensation	3,580	62,470	(58,890)	(94)	397,618	955,571	(557,953)	(58)
Depreciation	165,775	175,794	(10,019)	(6)	752,910	795,104	(42,194)	(5)
Amortization	886,115	1,075,210	(189,095)	(18)	3,342,762	4,553,255	(1,210,493)	(27)
Interest expense	430,354	361,605	68,749	19	1,689,415	1,358,579	330,836	24
Accretion and other financing costs	388,574	325,181	63,393	19	1,492,674	1,472,400	20,274	1
Loss on modification of debt	360,522	549,646	(189,124)	(34)	360,522	549,646	(189,124)	(34)
Gain on revaluation of RSUs	(3,148)	(27,620)	24,472	89	(54,916)	(197,711)	142,795	72
Loss (Gain) on revaluation of the derivative warrant liability	(37,242)	25,172	(62,414)	(248)	(145,445)	(383,428)	237,983	62
Restructuring Costs	315,508	(127,593)	443,101	347	386,853	403,870	(17,017)	(4)
Impairment of intangible assets	-	-	-	-	-	157,464	(157,464)	(100)
Strategic Review Costs	198,271	-	198,271	100	198,271	-	198,271	100
Other income	(3,839)	(4,810)	971	20	(35,044)	(26,248)	(8,796)	(34)
Foreign exchange (loss) gain	951,207	(123,045)	1,074,252	873	217,841	566,530	(348,689)	(62)
Loss before income taxes	(3,564,511)	(3,209,623)	(354,888)	(11)	(7,031,414)	(14,500,360)	7,468,946	52
Current income tax recovery (expense)	7,910	(65,697)	73,607	112	(14,665)	(33,596)	18,931	56
Deferred income tax recovery (expense)	-	340,984	(340,984)	(100)	-	202,760	(202,760)	(100)
Income tax recovery (expense)	7,910	275,287	(267,377)	(97)	(14,665)	169,164	(183,829)	(109)
Net Loss	(3,556,601)	(2,934,336)	(622,265)	(21)	(7,046,079)	(14,331,196)	7,285,117	51
Adjusted EBITDA (1)	493,608	(655,138)	1,148,746	175	1,974,490	(4,032,853)	6,007,343	149
Weighted average number of common shares outstanding								
Basic	52,286,522	40,882,770			50,068,323	37,289,689		
Diluted	52,286,522	40,882,770			50,068,323	37,289,689		
Net income (loss) per share								
Basic	(0.07)	(0.07)			(0.14)	(0.38)		
Diluted	(0.07)	(0.07)			(0.14)	(0.38)		

⁽¹⁾ Adjusted EBITDA is earnings before stock-based compensation, depreciation, amortization, interest expense, accretion and other financing costs, loss or gain on revaluation RSUs, loss or gain on revaluation of derivative warrant liability, restructuring costs, other income and expense, foreign exchange loss, loss on modification of debt, strategic review costs, gain on contingent consideration, impairment of intangibles, and current and deferred income tax expense (recovery), is a non-IFRS measure. Please refer to the section entitled "Non-IFRS Measures."

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Comparison of the three months and year ended December 31, 2024, and 2023

Revenue

Total revenue for the three months ended December 31, 2024, was \$10,550,575, an increase of \$200,842, or 2%, from \$10,349,733 recognized in the comparative period in 2023. Total revenue for the year ended December 31, 2024, was \$43,164,207, an increase of \$2,140,183, or 5%, from \$41,024,024 recognized in the comparative period in 2023. The increase in revenue for the three months and year ended December 31, 2024, was primarily due to higher transcription volume from Australia and higher technology sales. For the year ended December 31, 2024, we have increased SaaS revenue through sales of our FirstDraft services to \$315,837 which has increased 73% from the same comparable period last year.

Cost of Sales

Cost of Sales for the three months ended December 31, 2024, increased by \$494,185, or 9%, to \$6,126,768, from \$5,632,583 for the comparative period in 2023. Cost of Sales for the year ended December 31, 2024, increased by \$1,024,157, or 4%, to \$23,936,109, from \$22,911,952 for the comparative period in 2023.

The increase in Cost of Sales for the three months and year ended December 31, 2024, is primarily due to higher transaction volume than comparative period 2023 and higher cost of sales on certain media segment customer contracts. Also, included in Cost of Sales for the three months and year ended December 31, 2024 are an onerous contract loss of \$151,860 relating to a specific vendor contract and \$129,018 retro pay adjustment for Australia employees due to streamlining of labor agreements. On March 11, 2025, the Company amended the terms of the agreement on the vendor contract and the onerous loss of \$151,860 was reversed through cost of sales and trade and other payables and accrued liabilities.

Gross Profit

Gross Profit for the three months ended December 31, 2024, decreased by \$293,343 or 6%, to \$4,423,807, from \$4,717,150, for the comparative period in 2023. Gross Profit for the three months ended December 31, 2024, represented 41.9% of revenue versus 45.6% of revenue in the comparative period in 2023. Gross Profit for the year ended December 31, 2024, increased by \$1,116,026 or 6%, to \$19,228,098, from \$18,112,072, for the comparative period in 2023. Gross Profit for the year ended December 31, 2024, represented 44.5% of revenue versus 44.1% of revenue in the comparative period in 2023. The decrease in Gross Profit for the three months ended December 31, 2024 is primarily due to negative gross margin earned on certain media segment customer contracts including an onerous contract loss of \$151,860 relating to a specific vendor contract and \$129,018 retro pay adjustment for Australia employees due to streamlining of labor agreements. The increase in Gross Profit for the year ended December 31, 2024 is primarily due to higher revenue than comparative period 2023. The increase in Gross Profit % for the year ended December 31, 2024 is a result of improved operational efficiency and productivity tied to Netscribe implementations and improvement to certain customer contracts through volume and price increases. Excluding both the one-time adjustments for the onerous contract loss and Australia retro pay, Gross Profit % for three months and year ended December 31, 2024 would be 44.6% and 45.2% respectively, representing and improvement of 2.7% and 0.7% versus comparative periods in 2023.

Selling and Administrative Expenses

Selling and Administrative Expenses for the three months ended December 31, 2024, decreased by \$1,301,664, or 24%, to \$4,174,244, from \$5,475,908, for the comparative period in 2023. Selling and Administrative Expenses for the year ended December 31, 2024 decreased by \$4,732,700, or 22%, to \$17,005,500, from \$21,738,200, for the comparative period in 2023.

The decrease for the three months and year ended December 31, 2024, is primarily due to a decrease in headcount related

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costs due to organizational restructuring, lower professional service fees, lower marketing costs, lower insurance premiums and reduction in IT related costs as a result of system integrations.

Research and Development Expenses

Research and Development Expenses for the three months ended December 31, 2024, decreased by \$458, to \$158,397, from \$158,855, for the comparative period in 2023.

Research and Development Expenses for the year ended December 31, 2024, decreased by \$29,038, or 4%, to \$650,551, from \$679,589, for the comparative period in 2023.

The decrease in Research and Development Expenses for the three months and year ended December 31, 2024 is due to lower headcount costs due to Company's cost saving initiatives.

Gain on Contingent Consideration

For the three months and year ended December 31, 2024, there was no contingent consideration as the previous earnouts were paid in full in 2023.

Stock-Based Compensation

For the three months ended December 31, 2024, Stock-based Compensation decreased by \$58,890 to \$3,580 from \$62,470, recognized in the same period of 2023. The decrease is due mainly to no RSU and options issued for the three months ended December 31, 2024.

For the year ended December 31, 2024, Stock Based Compensation decreased by \$557,953 to \$397,618 from \$955,571, recognized in the same period of 2023. The decrease is due to lower number of RSUs issued in comparison to the comparative period in 2023 and a lower fair value due to decline in the Company's stock price.

Depreciation

For the three months ended December 31, 2024, Depreciation decreased by \$10,019, to \$165,775 from \$175,794 recognized in the comparative period in 2023. For the year ended December 31, 2024, Depreciation decreased by \$42,194, to \$752,910 from \$795,104 recognized in the comparative period in 2023. The decrease in depreciation is due to lower spending on computer equipment.

Amortization

For the three months ended December 31, 2024, Amortization decreased by \$189,095, to \$886,115, from \$1,075,210 recognized in the comparative period in 2023. For the year ended December 31, 2024, Amortization decreased by \$1,210,493, to \$3,342,762, from \$4,553,255 recognized in the comparative period in 2023. The decrease in amortization for the three months and year ended December 31, 2024, is mainly attributable to lower amortization of intangible assets than comparative period 2023 due to accelerated amortization of intangible brand assets in prior year which were no longer in use. Also, certain Customer Relationship Intangible Assets were fully amortized in Q4 2023 resulting in no amortization in 2024.

Interest Expense

For the three months ended December 31, 2024, Interest Expense increased by \$68,749 to \$430,354, from \$361,605 recognized in the comparative period in 2023. For the year ended December 31, 2024, Interest Expense increased by \$330,836 to \$1,689,415, from \$1,358,579 recognized in the comparative period in 2023. The increase in interest expense for the three months and year ended December 31, 2024, is due to higher debt outstanding and at higher interest rate paid on the Company's secured debt facility.

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Accretion and Other Financing Costs

For the three months ended December 31, 2024, Accretion and Other Financing Costs increased by \$63,393 to \$388,574 from \$325,181 recognized in the comparative period in 2023. For the year ended December 31, 2024, Accretion and Other Financing costs increased by \$20,274, to \$1,492,674, from \$1,472,400 recognized in the comparative period in 2023.

The increase in accretion and other financing costs for the three months and year ended December 31, 2024, is due mainly to higher transactions costs and amendment fees associated with debt.

Loss on Modification of Debt

Loss on modification of debt of \$360,522 for the year ended December 31, 2024 relates to a loss recorded due to amendment of the Beedie Investment Ltd. ("Beedie") loan agreement on November 1, 2024 which increased the paid-in kind interest. The terms of original Beedie loan agreement were modified resulting in a loss on modification of debt.

Loss on modification of debt of \$549,646 for the year ended December 31, 2023 relates to a loss recorded due to amendment of the Beedie loan agreement on November 10, 2023 which increased the paid-in kind interest and an amendment fee. The terms of original Beedie loan agreement were modified resulting in a loss on modification of debt.

Gain on Revaluation of RSUs

For the three months ended December 31, 2024, Gain on Revaluation of RSUs decreased by \$24,472 to \$3,148, from \$27,620 recognized in the comparative period in 2023. For the year ended December 31, 2024, Gain of revaluation of RSUs decreased by \$142,795 to \$54,916 from \$197,711 recognized in the comparative period in 2023.

The decrease in gain on revaluation of RSUs for the three months and year ended December 31, 2024 is due to a lower percentage increase on the Company's stock price compared to the comparable period.

Loss (Gain) on Revaluation of Derivative Warrant Liability

For the three months ended December 31, 2024, Gain on Revaluation of Derivative Warrant Liability increased by \$62,414. Revaluation of Derivative Warrant Liability was a gain of \$37,242 compared to a loss of \$25,172 for the three months ended December 31, 2023. For the year ended December 31, 2024, Gain of Revaluation of Derivative Warrant Liability decreased by \$237,983. Revaluation of Derivative Warrant Liability was a gain of \$145,445 compared to a gain of \$383,428 for the year ended December 31, 2023.

The lower gain for the three months and year ended December 31, 2024 was due to 2.9M of warrants expiring during Q2 2024 and lower decline in stock price for the three and year ended December 31, 2024 compared to the same prior period.

Restructuring Costs

For the three months ended December 31, 2024, Restructuring Costs increased by \$443,101, to \$315,508, from negative \$127,593 recognized in the comparative period in 2023. For the year ended December 31, 2024, Restructuring Costs decreased by \$17,017, to \$386,853, from \$403,870 recognized in the comparative period in 2023. The increase in Restructuring Costs for the three months is due severance costs to reduce reliance on fixed staff costs in Australia.

The decrease in Restructuring Costs for the year ended December 31, 2024, is due to lower severance costs from the Company's restructuring plan.

Impairment of Intangible Assets

For the year ended December 31, 2024, Impairment of Intangible Assets decreased by \$157,464, to nil, from \$157,464

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recognized in the comparative period in 2023. The impairment of intangible assets related to a project that has been discontinued in order to focus resources on other development projects such as NetScribe for Australia court customers.

Strategic Review Costs

For the three months and year ended December 31, 2024, Strategic Review costs were \$198,271, compared to nil recognized in the comparative period in 2023. Strategic Review costs incurred related to professional service costs incurred by the Company as it explores strategic alternatives.

Other Income

For the three months ended December 31, 2024, Other Income decreased by \$971, to \$3,839, from \$4,810 recognized in the comparative period in 2023. The decrease in Other Income for the three months ended December 31, 2024, is due lower cash held on term deposits.

For the year ended December 31, 2024, Other Income increased by \$8,796, to \$35,044, from \$26,248 recognized in the comparative period in 2023. The increase in Other Income for the year ended December 31, 2024, is due higher cash held on term deposits.

Foreign Exchange (Gain) Loss

Foreign exchange gain and losses are primarily related to the unrealized foreign translation gains and losses of certain US Dollar "USD", Australia Dollar "AUD" and British Pound Sterling "GBP" denominated working capital balances to Canadian Dollar "CAD" and USD denominated working capital balances to AUD.

For the three months ended December 31, 2024, Foreign Exchange Loss increased by \$1,074,252, to \$951,207, from a foreign exchange gain of \$123,045 recognized in the comparative period in 2023. For the year ended December 31, 2024, Foreign Exchange Loss decreased by \$348,689, to \$217,841, from a foreign exchange loss of \$566,530 recognized in the comparative period in 2023. The gain/loss on foreign exchange for the three months and year ended December 31, 2024 is due to mainly to fluctuations in the USD to CDN and USD to AUD exchange rates.

Our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. Foreign exchange gain and losses are primarily related to the unrealized foreign translation gains and losses of certain USD, AUD and GBP denominated working capital balances to CAD and USD denominated working capital balances to AUD.

Income Tax Recovery (Expense)

We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a consolidated basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the three months ended December 31, 2024, Income Tax Recovery decreased by \$267,377, to \$7,910, from an Income Tax Recovery of \$275,287 in the comparative period in 2023. The decrease for the three months ended December 31, 2024, is due to derecognition of deferred tax assets in Q4 2023 which did not recur for the three months ended December 31, 2024.

For the year ended December 31, 2024, Income Tax Recovery decreased by \$183,829 to an Income Tax Expense of \$14,665 from an Income Tax Recovery of \$169,164 in the comparative period in 2023. The decrease for the year ended December 31, 2024, is due to derecognition of deferred tax assets for the year ended December 31, 2023, versus none have been recognized for the year ended December 31, 2024.

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Net Loss and Earnings Per Share

Net loss for the three months ended December 31, 2024, was \$3,556,601 compared to net loss of \$2,934,336 for the same period in 2023. On a per weighted average share basis, this translated into a net loss per weighted average per share of \$0.07 in the three months ended December 31, 2024, compared to a net loss per weighted average share of \$0.07 for the comparative period in 2023.

Net loss for the year ended December 31, 2024, was \$7,046,079 compared to net loss of \$14,331,196, for the same period in 2023. On a per weighted average share basis, this translated into a net loss per share of \$0.14 in the year ended December 31, 2024, compared to a net loss per weighted average share of \$0.38 for the comparative period in 2023.

Quarterly Results of Operations

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended December 31, 2024. Our quarterly operating results have historically fluctuated significantly and may continue to fluctuate significantly in the future. Therefore, we believe that past operating results and period to period comparisons should not be relied upon as an indication of the Company's future performance.

(unaudited)

	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23
Revenue	10,550,575	11,116,345	11,575,614	9,921,673	10,349,733	10,102,827	10,518,893	10,052,571
Net income (loss)	(3,556,601)	(1,077,509)	(571,831)	(1,840,138)	(2,934,336)	(4,379,016)	(3,558,163)	(3,459,681)
Adjusted EBITDA (1)	493,608	785,699	778,714	(83,326)	(655,138)	(1,350,032)	(959,919)	(1,067,764)
Weighted average number of shares outstanding:								
Basic	52,286,522	51,812,252	51,348,578	44,782,398	40,882,770	38,804,967	34,804,004	34,649,697
Diluted	52,286,522	51,812,252	51,348,578	44,782,398	40,882,770	38,804,967	34,804,004	34,649,697
Net income (loss) per share:								
Basic	(0.07)	(0.02)	(0.01)	(0.04)	(0.07)	(0.11)	(0.10)	(0.10)
Diluted	(0.07)	(0.02)	(0.01)	(0.04)	(0.07)	(0.11)	(0.10)	(0.10)

¹ Adjusted EBITDA is earnings before stock-based compensation, depreciation, amortization, interest expense, accretion and other financing costs, loss or gain on revaluation RSUs, loss or gain on revaluation of derivative warrant liability, restructuring costs, other income, foreign exchange loss, strategic review costs, gain on contingent consideration, impairment of intangibles, loss on modification of debt, and current and deferred income tax expense (recovery), is a non-IFRS measure. Please refer to the section entitled "Non-IFRS Measures."

Key factors that account for the fluctuation in quarterly results include the variability in the Company's revenue due to timing of acquisitions and seasonality of revenue. Seasonality impacts the transcription services industry in some cases by summer holiday seasons, such as court closings in January in Australia, and the Thanksgiving and December holidays in the U.S., Canada, and the UK. It also has a slight impact in the U.S. summer period. Our quarterly results may also fluctuate as a result of the various acquisitions which may be completed by the Company in any given quarter. We may experience variations in our net income(loss) on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions and acquired contract liabilities.

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Key Operating Metrics – Non-IFRS Measures

Adjusted EBITDA

Measure Definition:

To evaluate the Company's operating performance as a complement to results provided in accordance with IFRS, the term "Adjusted EBITDA", as defined by management, refers to net income (loss) before stock-based compensation, depreciation, amortization, interest expense, accretion and other financing costs, loss on extinguishment /modification of debt, gain on revaluation of options, gain on revaluation of RSUs, gain on revaluation of derivative warrant liability, restructuring costs, impairment of intangibles, strategic review costs, other expense (income), foreign exchange (gain) loss, current and deferred income tax expense (recovery). We believe that the items excluded from Adjusted EBITDA are not connected to and do not represent the recurring operating performance of the Company. "EBITDA" is a non-IFRS financial measure and is not a standardized financial measure under the financial reporting framework used to prepare the financial statements of the Company and accordingly might not be comparable to similar financial measures disclosed by other issuers. To evaluate the Company's operating performance as a complement to results provided in accordance with IFRS, the term "EBITDA", as defined by management, refers to earnings before depreciation, amortization, interest expense, current and deferred income tax expense (recovery).

The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate its operating performance. We believe that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed, taxed and expenses related to stock-based compensation, depreciation, amortization, restructuring costs, acquisition, other expense (income), and foreign exchange (gain) loss. Accordingly, we believe that this measure may also be useful to investors in enhancing their understanding of the Company's operating performance.

The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income (loss) as determined in accordance with IFRS. These non-IFRS measures should be read in conjunction with the financial statements of the Company.

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The following is a reconciliation of Net Loss the most directly comparable IFRS measure to Adjusted EBITDA, for the three months and year ended December 31, 2024, and 2023:

	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
(Unaudited)				
Net Loss	(3,556,601)	(2,934,336)	(7,046,079)	(14,331,196)
Add:				
Depreciation	165,775	175,794	752,910	795,104
Amortization	886,115	1,075,210	3,342,762	4,553,255
Interest expense	430,354	361,605	1,689,415	1,358,579
Current income tax (recovery) expense	(7,910)	65,697	14,665	33,596
Deferred income tax recovery	-	(340,984)	-	(202,760)
EBITDA	(2,082,267)	(1,597,014)	(1,246,327)	(7,793,422)
Accretion and other financing costs	388,574	325,181	1,492,674	1,472,400
Loss on modification of debt	360,522	549,646	360,522	549,646
Gain on revaluation of RSUs	(3,148)	(27,620)	(54,916)	(197,711)
Loss (Gain) on revaluation of the derivative warrant liability	(37,242)	25,172	(145,445)	(383,428)
Impairment of intangible assets	-	-	-	157,464
Restructuring costs	315,508	(127,593)	386,853	403,870
Strategic Review Costs	198,271	-	198,271	-
Other expense (income)	398,604	257,665	367,399	236,227
Stock-based compensation	3,580	62,470	397,618	955,571
Foreign exchange (gain) loss	951,207	(123,045)	217,841	566,530
Adjusted EBITDA	493,608	(655,138)	1,974,490	(4,032,853)

Bookings

Measure Definition: We calculate “Bookings” for a given period as the estimated contract value (for services tied to volume) of our recurring client contracts entered into during the period from (i) new clients and (ii) net upgrades by existing clients within the same workload, plus the actual (not annualized) estimated value of professional services consulting, advisory or project-based orders received, software licenses, subscriptions, SaaS, and hardware during the period.

Recurring client contracts are any contracts entered into on a multi-year or month-to-month basis, but excluding any professional services contracts for consulting, advisory or project-based work, software license and hardware.

We use Bookings to measure the amount of new business generated in a period, which we believe is an important indicator of new client acquisition and our ability to cross-sell new services to existing clients. Bookings are also used by management as a factor in determining performance-based compensation for our sales force. While we believe Bookings, in combination with other metrics, are an indicator of our near-term future revenue opportunity, it is not intended to be used as a projection of future revenue. Booking information is a non-IFRS measure, which involves judgments, estimates and assumptions, which does not have a standard industry definition. Our calculation of Bookings may differ from similarly titled metrics presented by other companies.

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While we continue to acquire new clients, we also aim to deepen relationships with these clients through high-margin technology services and software bookings. In addition, we are investing in initiatives to drive sales productivity improvements.

(unaudited)

	2024	2023
Bookings	\$3,943,733	\$6,299,921

(unaudited)

	Q4 2024	Q3 2024	Q4 2023
Bookings	\$719,374	\$733,177	\$1,026,957

In Q4 2024, bookings were lower compared to Q4 2023, primarily driven by reduced investment in sales and marketing.

Gross Margin for Technology Services

Measure Definition: Gross Margin for Technology Services as reported.

(unaudited)

	Q4 2024	Q3 2024	Q4 2023
Technology Services Revenue	\$9,609,819	\$10,084,187	\$9,377,557
Cost of Sales	\$5,903,100	\$5,666,538	\$5,394,763
Gross Margin	\$3,706,719	\$4,417,649	\$3,982,794
Gross Margin %	38.6%	43.8%	42.5%

Q4 2024 lower than Q3 2024 and Q4 2023 primarily due to higher transaction volume and cost of sales on certain media segment customer contracts. Also, included in Q4 2024 Cost of Sales was a onerous loss of \$150,000 relating to a specific vendor contract and \$129,018 retro pay adjustment for Australia employees due to streamlining of labor agreements. Excluding these one-time events, Q4 2024 Technology Services gross margin would be 41.5.

Gross Margin for Technology and related revenue

Measure Definition: Gross margin for technology and related revenue as reported.

(unaudited)

	Q4 2024	Q3 2024	Q4 2023
Technology Revenue	\$940,756	\$1,032,158	\$972,176
Cost of Sales	\$223,668	\$300,891	\$237,820
Gross Margin	\$717,088	\$731,267	\$734,356
Gross Margin %	76.2%	70.8%	75.5%

In Q4 2024, the gross margin percentage for Technology and related revenue increased compared to Q3 2024 and Q4 2023, primarily due to the incline in one-time sales of VIQ-developed software, which traditionally have higher margins than third-party software sales.

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Liquidity

As of December 31, 2024, we held cash of \$1,573,341 as compared to \$1,621,778 as of December 31, 2023.

On February 27, 2024, the Company closed a non-brokered private placement. Under the offering, the Company sold 10,239,000 common shares of the Company at a price per common share of \$0.117 for gross proceeds of \$1,197,278. The Company utilized the net proceeds from the offering for working capital and general corporate purposes.

In 2023, the Company entered into a secured debt facility ("Note Payable" with Beedie Investments Ltd. ("Beedie"), the Note Payable outstanding is \$15,000,000 at December 31, 2024. The Note Payable is subject to 9.5% cash interest payable monthly plus 5% paid in kind interest accrued monthly and added to the outstanding principal amount of the Note Payable and to be repaid on January 16, 2027.

On February 23, 2024, the Company signed a waiver agreement which resulted in the cash interest being deferred in the amount of \$243,491. The amount was based on the fixed 9.5% per annum calculated on the outstanding principal amount of the loan owing for the months of January 2024 and February 2024 and was added to the principal amount as paid in kind interest to the Note Payable and will be subject to 14.5% interest per annum. The amount is to be repaid on January 13, 2027.

On June 5, 2024, the Company's shareholders approved the issuance of 2,175,142 common share purchase warrants, as part of a credit agreement with Beedie. These warrants were issued on June 19, 2024, and replaced the \$375,000 amendment fee that was originally due upon the maturity or repayment of the Note Payable.

On October 21, 2024, the Company obtained a waiver from Beedie for the non-compliance liquidity covenant on September 27, 2024 and Beedie has agreed to delay testing of the minimum monthly adjusted EBITDA and maximum total secured debt leverage covenant for the months of July, August and September to November 30, 2024.

On November 1, 2024, in connection with the Company's Note Payable, the Company entered into a bridge loan agreement "Bridge Loan" with Beedie in the amount of \$1,500,000. An initial amount of \$1,250,000 has been advanced to the Company under the Term Loan, with the remaining \$250,000 being available to be drawn by the Company subject to Beedie's approval. The Term Loan is subject to 7% interest payable monthly and paid in kind interest of 7% per annum and has a maturity date of January 13, 2027. Any undrawn amounts under the Term Loan is subject to a standby fee of 1.5% per annum. The prepayment fee on the Term Loan is equal to the accrued and unpaid interest on the prepayment amount up to the date of prepayment plus the interest that would have accrued on the principal amount of the Term Loan to the Term Loan maturity date. The Company intends to use the amounts advanced pursuant to the Term Loan for general corporate and working capital purposes.

On November 1, 2024, the Company also entered into an amendment to the Note Payable with Beedie. Pursuant to the terms of the amendment, the interest rate on the Note Payable was increased from 14.5% to 15.75%, comprised of cash interest of 9.5% per annum and paid-in-kind interest charged at a rate of 6.25% per annum, compounded monthly and will be added to the outstanding principal amount of the Note Payable. Additionally, the Company amended the prepayment fee under the Note Payable such that the prepayment fee equal to the accrued and unpaid interest on the prepayment amount up to the date of prepayment plus the greater of: (i) 3% of the prepayment amount, and (ii) the accrued and unpaid interest on the prepayment amount from the date of prepayment to March 13, 2026, applies to any voluntary prepayment of the Original Loan occurring on or before March 13, 2026.

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Below is a summary of our cash provided by (used in) operating, investing, and financing activities for the periods indicated:

(Unaudited)	Year ended December 31,	
	2024	2023
Cash provided by (used in) operating activities	1,139,047	(2,810,254)
Cash used in investing activities	(1,423,426)	(2,222,522)
Cash provided by (used in) financing activities	322,623	4,986,904
Net increase (decrease) in cash for the year	38,244	(45,872)
Cash, beginning of period	1,621,778	1,657,571
Effect of foreign exchange	(86,681)	10,079
Cash, end of period	1,573,341	1,621,778

Cash used/provided by operating activities

Cash provided by operating activities for the year ended December 31, 2024, was \$1,139,047. This resulted from \$7,046,079 in net loss plus \$8,227,565 of non-cash adjustments and minus \$42,439, attributable to movements in non-cash working capital.

Cash used by operating activities for the year ended December 31, 2023, was \$2,810,254. This resulted from \$14,331,196 in net loss plus \$9,649,601 of non-cash adjustments and \$1,871,341 attributable to movements in non-cash working capital.

Cash used in investing activities

Cash used in investing activities for the year ended December 31, 2024, was \$1,423,426 which consisted of development costs related to internally generated intangible assets of \$1,408,277 and purchase of property and equipment of \$15,149.

Cash used in investing activities for the year ended December 31, 2023, was \$2,222,522 which consisted of development costs related to internally generated intangible assets of \$1,955,595, purchase of property and equipment of \$25,792 and earn-out payment of \$241,135.

Cash provided by financing activities

Cash provided by Financing Activities for the year ended December 31, 2024, was \$322,623, which consisted of repayment of lease obligations of \$488,097, payment of interest on lease obligations of \$46,514, payment of interest on debt of \$1,288,306, \$1,186,456 provided by issuance of share capital net of issuance costs offset by repayment of debt of \$20,000 and \$979,084 proceeds from debt, net of issuance costs.

Cash provided by Financing Activities for the year ended December 31, 2023, was \$4,986,904, which consisted of repayment of lease obligations of \$475,050, payment of interest on lease obligations of \$83,658, payment of interest on debt of \$1,467,479, \$1,722,868 provided by issuance of share capital net of issuance costs, repayment of debt of \$8,590,295 and \$13,880,518 proceeds from debt, net of issuance costs.

Going concern uncertainty

The Company's consolidated financial statements were prepared on a going concern basis. The going concern basis 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 normal course of business. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable

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to continue as a going concern. Such adjustments could be material. As at December 31, 2024, the Company has cash of \$1,573,341 and negative working capital. The Company has incurred recurring losses, has not yet achieved profitable operations and has a deficit of \$85,102,230 since its inception. The Company was not in compliance with financial covenants in relation to the Beedie Investments Ltd. note payable for the year ended December 31, 2024. These matters, when considered in the aggregate, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern for at least 12 months from December 31, 2024. In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which will be determined by the Company's ability to meet its financial requirements, including obtaining relief from its' financial covenants within its debt agreements, obtaining alternative financing and its ability to raise additional capital to fund its ongoing operations.

The Company is evaluating several different strategies and intends to pursue actions that are expected to increase its liquidity position, including, but not limited to, pursuing additional actions under the Company's cost-savings plan and seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities. The Company's management cannot provide assurances that the Company will be successful in accomplishing any of its proposed financing plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months which, could increase the Company's need to raise additional capital on an immediate basis, which may not be available to the Company.

Debt Covenants

Under the secured debt facility with Beedie, the Company is required to comply with financial covenants regarding (i) a minimum balance of unrestricted cash and cash equivalents (ii) minimum adjusted monthly EBITDA starting May 2023 and (iii) maximum total secured debt leverage ratio.

The Company for the month of July, August, September, October, November and December was not in compliance with the maximum total leverage covenant and for the month of July, August, September, November and December was not in compliance with the minimum monthly adjusted EBITDA. As a result, the Company has reclassified the Note Payable as current as at December 31, 2024.

Beedie has agreed to delay testing of the monthly maximum total secured debt leverage and minimum monthly adjusted EBITDA covenants from July 2024 to March 31, 2025 until April 30, 2025.

Contractual Obligations

The following table summarizes our undiscounted contractual obligations as at December 31, 2024, including commitments relating to leasing contracts:

(Unaudited)	2025	2026	2027	Total
Trade and other payables	\$5,673,346	\$ —	\$ —	\$5,673,346
Lease obligations	338,495	4,462	—	342,957
Beedie Investments Ltd.	—	—	20,015,566*	20,015,566
Income taxes payable	29,765	—	—	29,765
Total	\$6,041,606	\$4,462	\$ 20,015,566	\$26,061,634

*The Company was not in compliance with financial covenants as at December 31, 2024. Beedie has agreed to delay testing to April 30, 2025. The amount noted is based on the original term of the Note Payable.

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Capital Resources

Our objective in managing capital is to ensure sufficient liquidity to pursue our growth strategy, fund research and development to enhance existing product offerings as well as to develop new product offerings to maintain our competitive advantage, pursue accretive acquisitions and provide sufficient resources to meet day-to-day operating requirements, while managing financial risk. We intend to use our operating income and funds on hand to meet funding requirements for the development and commercialization of our technology products and services based on anticipated market demand and working capital purposes. Our actual funding requirements will vary depending on a variety of factors, including our success in executing our business plan, the progress of our research and development efforts, our commercial sales, and our ability to manage our working capital requirements.

Our officers and senior management are responsible for managing the capital and do so through monthly meetings and regular review of financial information. Our Board of Directors is responsible for overseeing this process. We manage capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and capital transactions.

Capital Allocation

A significant component of our strategy is to effectively and efficiently allocate capital between opportunities that generate the highest return on our capital with the goal over time to maximize shareholder equity.

The Company's capital allocation is centered on generating organic growth, investment in technologies, mergers and acquisitions, and balance sheet deleveraging. VIQ's focus is on closing and integrating strategic and accretive acquisitions, continuing to grow and drive market share and achieve consolidation efficiencies while maturing its AI engines through technology service volumes.

Paying out dividends, or buying back stock, are not anticipated as being part of our capital allocation strategy for the immediate future. Our goal with capital allocation is to increase the earning power of the Company and reinvest the free cash flow of the business to generate more cash.

Other Commitments

Other commitments include operating leases for facilities. The Company has no other commitments.

Contingent Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements.

Transactions Between Related Parties

On February 27, 2024, the Company closed a non-brokered private placement. Under the offering, the Company sold 10,239,000 common shares of the Company at a price per common share of \$0.117 for gross proceeds of \$1,197,278 which was recorded in Capital stock. \$10,821 in transaction costs was recognized and recorded as an offset to Capital stock. The issuance included 3,000,000 common shares made to Beedie, a significant shareholder and constitutes a related party transaction.

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Material Accounting Policy Information and Estimates

General

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates.

Going concern - In the preparation of consolidated financial statements, management is required to identify when events or conditions indicate that material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern exists. Material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, 12 months from the consolidated statement of financial position. When the Company identifies conditions or events that raise potential for material uncertainty that may cast significant doubt about its ability to continue as a going concern, the Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

Our other material accounting policy information are fully described in Note 3 to our financial statements for the years ended December 31, 2024, and 2023 which are available on SEDAR (www.sedar.com). Certain accounting policies are particularly important to the reporting of our financial position and results of operations and require the application of significant judgment by our management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different, estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the financial statements. We believe that there have been no significant changes in our critical accounting estimates for the year ended December 31, 2024, from those presented in our annual financial statements for the years ended December 31, 2024, and 2023.

New Accounting Pronouncements

We adopted the following accounting amendments that were effective for our annual consolidated financial statements commencing January 1, 2024.

- IAS 1 – Presentation of Financial Statements
- IFRS 16 Leases – Lease Liability in a Sale and Leaseback
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instrument Supplier Finance Arrangements

The adoption of these standards did not have a material impact to our financial results and are not expected to have a material impact in the future.

The International Accounting Standards Boards has issued IFRS 18, Presentation and Disclosure in Financial Statements (replacing IAS 1, Presentation of Financial Statements) effective on January 1, 2027, with an aim to improve how information is communicated in the financial statements, with a focus on information in the statement of income. The Company is assessing the impacts IFRS 18 will have on its consolidated financial statements.

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Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Disclosure Controls & Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management, including the CEO and the CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure, including to ensure that information required to be disclosed by the Company in reports that the Company files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Management, under the oversight of the CEO and CFO, has evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2024. Based on this evaluation, the CEO and the CFO concluded that, as of December 31, 2024, the Company's disclosure controls and procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) were ineffective as a result of material weaknesses identified in the Company's internal control over financial reporting, which is further described below.

The Company is no longer subject to these Exchange Act requirements effective January 5, 2024, a Form 15 "Certification and Notice of Termination of Registration Under Section 12(g) of the Securities Exchange Act of 1934 or Suspension of Duty to File Reports Under Sections 13 and 15(d) of the Securities Exchange Act of 1934.

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to us by others, particularly during the period in which the annual filings are being prepared and of achieving their objectives, and the CEO and CFO do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Notwithstanding the material weaknesses, management has concluded that the Company's consolidated financial statements for the three months and year ended December 31, 2024, present fairly, in all material respects, the Company's financial position, statement of loss and comprehensive loss, changes in shareholders' equity and cash flows in accordance with IFRS.

Internal Controls over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and overriding of controls. Consequently, an effective internal control system can only provide reasonable, not absolute assurance, with respect to reporting financial information. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

An evaluation of the design and effectiveness of the Company's internal controls over financial reporting was carried out by management, under the supervision of the CEO and CFO. In making this evaluation, the CEO and CFO used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013). Based on this evaluation, the CEO and CFO have concluded that the Company's internal control over financial reporting was ineffective as of December 31, 2024 and December 31, 2023, due to the material weaknesses described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses that our management identified related to the following:

- the Company did not have sufficient resources, including contractors, in place throughout the reporting period with the appropriate training and knowledge of internal controls to monitor the design, implementation and operating effectiveness of internal control over financial reporting;

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- the Company's review controls in various financial reporting processes did not operate with sufficient precision, particularly with respect to the determination of the appropriate period in which to recognize revenue and expenses;
- the Company did not maintain adequate review controls to ensure that complex accounting areas such as business combinations, impairment of non-financial assets, financial instruments, revenue recognition and accounting for income tax provisions were appropriately recorded in accordance with IFRS; and
- the Company did not effectively design and maintain appropriate segregation of duties and controls over the effective preparation, review and approval, and associated documentation of journal entries.

These material weaknesses resulted in material misstatements, which were corrected prior to the release of the consolidated financial statements for the year ended December 31, 2024.

Remediation

We intend to implement a remediation plan that involves a third-party software solution to formalize the documentation and evidence of our review and approval of subjective and higher risk journal entries in our financial reporting system including implementing improved process over cut-off of transactions. We will implement more formalized documentation and evidence of review over complex accounting transactions. The plan will include the involvement of management and sufficient training of all relevant personnel. We will take the measures necessary to address the material weaknesses, which may require significant management attention, and our efforts may not prove to be successful in remediating the material weaknesses and do not guarantee that we will not suffer additional material weaknesses and/or significant deficiencies in the future.

The CEO and CFO do not expect that internal controls over financial reporting will prevent all misstatements. The design of a system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that the design will succeed in achieving the stated goals under all potential future conditions.

Except for the material weaknesses described above, there were no changes in the Company's Internal Control over Financial Reporting that occurred during the period ended December 31, 2024, that has materially affected or reasonably likely to materially affect the Company's Internal Control over Financial Reporting.

Risk Factors

A complete description of the risks and uncertainties affecting the Company is included in the most recently filed Annual Information Form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of our common shares (the "Common Shares") to decline. If any of the noted risks actually occur, our business may be harmed, and the financial condition and results of operation may suffer significantly. In that event, the trading price of the Common Shares could decline, and shareholders may lose all or part of their investment.

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Disclosure of Outstanding Share Data

The Common Share trade on the Toronto Stock Exchange under the symbol "VQS." The Company is authorized to issue an unlimited number of Common Shares. As at March 27, 2025 there were:

- (i) 52,334,019 Common Shares issued and outstanding
- (ii) 684,829 stock options outstanding with a weighted average exercise price per Common Share of \$1.02 CAD expiring 2031 and 2032 under the Omnibus Equity Incentive Plan
- (iii) 33,333 deferred share units outstanding with an average exercise price per Common Share of \$1.29 CAD with no expiry date
- (iv) 2,556,488 RSUs outstanding expiring 2025, 2026, 2027, and 2031 and selective units with no expiry dates under the Omnibus Equity Incentive Plan.
- (v) 100,000 PSUs with no expiry dates.
- (vi) Warrants to purchase 2,117,647 Common Shares at an exercise price of \$5.00 USD expiring September 15, 2026.
- (vii) Warrants to purchase 3,551,852 Common Shares at an exercise price of \$1.35 USD expiring July 21, 2027.
- (viii) 7,968,750 warrants to purchase Common Shares at an exercise price of \$0.20 CAD expiring January 16, 2030.
- (ix) 497,423 warrants to purchase Common Shares at an exercise price of \$0.20 CAD expiring July 25, 2030.
- (x) 123,365 warrants to purchase Common Shares at an exercise price of \$0.20 CAD expiring November 10, 2030.
- (xi) 2,175,142 warrants to purchase Common Shares at an exercise price of \$0.20 CAD expiring June 19, 2031.

Diversity

Our success as a company continues to be made possible by our global workforce. We aim to attract, develop, and retain exceptional talent to meet the needs of our clients and create value for our shareholders. We understand that we have more to do to increase our overall representation to better reflect the world we live in. We believe that when people come from diverse backgrounds and have a variety of life experiences, they bring unique perspectives to the table. These perspectives increase innovation, creativity, and overall corporate performance.

In order to continue to produce our innovative technologies and technology services, it is crucial that we continue to attract and retain top talent. To facilitate talent attraction and retention, we strive to make VIQ a diverse and safe workplace, with opportunities for our employees in each region and functional area to grow and develop in their careers, supported by advancements and programs that build connections between our employees and their communities.

We believe that a diverse workforce is critical to our success, and we continue to focus on the hiring, retention and advancement of women and underrepresented populations. Our recent efforts have been focused in three areas: inspiring innovation through a diverse culture; expanding our efforts to recruit and hire world-class diverse talent; and identifying strategic partners to accelerate our diversity, equity and in the coming years inclusion ("DE&I") programs.

Under the leadership of the current management team and the Board of Directors, VIQ has worked to create an environment and culture that enables all employees to participate and thrive. We know that onboarding people with diverse backgrounds

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and skillsets is a key ingredient for innovation, which is why our recruitment processes are built around improving our ability to identify the best, most diverse candidate pools. We use gender-neutral language in job descriptions and commit to bringing a diverse slate of candidates to a diverse interview panel at all levels of the Company. VIQ has a variety of diversity-related data points that exemplify how our workforce looks like the world around us and thrives as a result of it.

As of December 31, 2024, VIQ Diversity Metrics were as follows:

- Global Employee Gender Diversification for all roles: 53% Women, 42% Men, 5% Non-binary
- Global Employee Gender Diversification for leadership roles: 56% Women, 44% Men
- Global Race and Ethnicity Representation for all roles: 71% White, 25% Asian, 2% Black and 2% Latino
- Geography where we work: 79% Australia, 7% United States, 2% Canada, 7% India, 1% Mexico, 2% United Kingdom and Philippines 2%
- Brick & Mortar: Six physical Offices in three Countries

Due to its global footprint, VIQ has come to appreciate that amazing perspectives are grown all around the world and that DE&I programs can be most powerful when they are localized to the individual experiences that resonate with people in the countries, cities, and communities where they live.