VIQ SOLUTIONS INC.

Moderator: Audrey Liu
16 April 2020
5:00 p.m. ET

OPERATOR: This is Conference #: 3142997

Operator: Good day, ladies and gentlemen. Today, we are hosting a conference call to discuss Q4 and full year 2019 announced results for VIQ Solutions, Inc. At this time, all participants are in a listen only mode.

Should you require any assistance during the call, please press – “0” – “star” then “0” on your touch tone phone. We will have a question and answer session at the end of the call at which time, participants wishing to ask a question will be instructed to press “star,” “1” and identify themselves before asking a question.

Please note that certain statements made on today's call may contain forward-looking information subject to known and unknown risks, uncertainties, and other factors.

For a more complete discussion of the risks and uncertainties facing VIQ, we refer you to VIQ's 2019 annual MD&A and other continuous disclosures and filings which are available on CDAR at www.cdar.com. Please note that all amounts are in U.S. dollars unless otherwise stated.

I would now like to turn the meeting over to (George Sodoroff). Please go ahead.

(George Sodoroff): Welcome to VIQ Solutions' Analysts and Investor Conference Call. We will deal today with Q4 and full year 2019 financial results. I'm (George Sodoroff), an investor assisting the company and your moderator today.

As a guide, may I advise we're not able to respond to questions on perspective and development business for reasons of competition and confidentiality nor are we able to discuss contracts with security conscious customers and partners who request nondisclosure.

President and CEO Sebastien Pare will begin with brief comments. Susan Sumner, VIQ Chief Operating Officer will add an overview on 2019 revenue generation. Alexie Edwards, VIQ's Chief Financial Officer, will provide a brief recap of the company financials. Corporate Controller Audrey Liu is also present on this call.

For some in depth questions, we may refer to the latest MD&A and associated press releases. Please limit your questions so all may have a turn. I know Mr. Pare wants to answer as many questions as possible after initial statements. VIQ participants on this conference call are all using remote virtual communications. I will now call on Mr. Pare.

Sebastien Pare: Welcome to our fourth quarter and full year 2019 earnings call. I hope that you're all well during these unmatched times. The COVID pandemic has impacted all of us directly or indirectly and has presented a chance for us to reflect and adjust to a new way to do business.

Our team at VIQ Solutions is doing a remarkable job maintaining the highest level of productivity. I'm absolutely very proud of their agility, their responsiveness to our clients' needs and their overall spirit to do what it takes to support our clients' productivity.

During this call, I will provide an update on our strategy and provide you with additional insight regarding our revenue. Susan, our COO, will also outline our operational achievement for last year and Alexie will provide you with financial results and the strategy behind it. Finally, I will share with you our goals and outlook for 2020. We will then move on to the questions.

I'm really pleased to say that VIQ did what we say we will do. At this time last year, I said that we were set for strong 2019 growth building on 2018 results. Our comprehensive plan entrenched in these strong strategic goals paved the way for successfully achieving our goal in 2019.

Our strategic goals are to improve revenue quality by transitioning towards recurring SaaS accounts. This drives sticky top line revenue and also enables multiple expansion. Grow our client and talent base through strategic acquisition. This drives top line growth and enables margin expansion.

Expand gross margin to our unique cybersecurity, AI, and cloud workflow solution applied to substantial voice and video data volumes. This clearly differentiate VIQ from its competitors, provides superior service to our customers and enables profitable scaling, and finally, cross selling a range of purpose built software and services products to our existing client base. This does leverage existing relationships to profitably scale.

Yesterday's press release enabling seamless integration of audio and video conferencing into our main recording platform is a perfect example of organic growth and wallet share expansion strategy that I've been talking about for two years now. You apply that strategy to over 1,300 clients worldwide, then you start appreciating our organic wallet expansion potential is indeed very significant. We believe these strategies have and will continue to drive shareholder value creation.

Over to you Susan for more colors on our revenue last year.

Susan Sumner: Thank you, Seb. During 2019, we delivered over $25 million in top line revenue. That was a 119 percent increase versus 2018. We generated approximately $23 million in recurring revenue, up 124 percent and over $2 million in nonrecurring revenue. Recurring revenue made of long-term technology and documentation services contracts accounted for over 90 percent of our total revenue in 2019.

We generated revenue from approximately 1,300 clients across 47 states in the United States and more than 20 countries around the world. Our client-base has nearly doubled in the past two years both organically and inorganically, benefitting from the three acquisitions we completed at the end of 2018. Our client revenue segmentation on December 31st, 2019 was 40 percent law enforcement, 25 percent insurance, and 35 percent justice and legal, with clients including major law enforcement and government agencies, courts, as well as the top four Fortune500 insurance companies in the United States.

We'll talk later about the 2020 acquisitions and the additional verticals including media, news, political, and regulatory segments. The impact of the ASC and WordZ acquisitions will be reflected in our Q1 fiscal year 2020 filings on May 6. Our gross margin in 2019 increased to 43 percent compared to 31 percent in 2018. Our adjusted EBITDA was approximately 30 – was approximately $1 million, positive for the first time due to the increase R&D investments which in this period started to contribute significantly to our revenue growth, margin expansion and top line.

Our current backlog orders worth approximately $3 million as of March 31st, 2020 is related to the prior year's investments in our new technology stack centered on our AI-based workflow infrastructure driving the management of evidence and document capture migrating securely to the cloud.

Our success in 2019 results from laser-focus on three growth categories to drive improved margin and stronger financial performance. Accretive acquisitions, organic growth from our increasing pipeline, and expanding our revenue footprint to a rapidly growing customer-base. Our seasoned leadership continues to lead the change in an industry ripe for disruption. Our highly specialized transcriptionists are evolving in their skills to become editors as we migrate clients to Netscribe powered by AI Assist.

The migration of our clients and our editing workforce to the cloud utilizing our enhanced workflow platform results in increased productivity and therefore margin gains. This is evidenced by the resulting margin expansion throughout 2019, gaining 12 basis points year-over-year. Overall, our positive EBITDA last year was directly tied to our ability to increase productivity and translate these early gains into financial results. We plan to maintain that trajectory and increase these margins by another 12 to 15 basis points throughout 2020.

We continue to execute on our strategic plan to deliver intelligent automation enhanced with human review to drive transformation in the way content is captured and also transformed. We believe that this combination along with segment specific AI learning puts VIQ as the leader best positioned to disrupt and gain rapid market share.

Our most recent product launches of Mobile Mic (Project) and Capture Pro-Conference are prime examples of not only our ability to innovate but to rapidly adapt to market conditions. Our growing pipeline for this highly targeted offering to core segments validates our approach in methodology to build agile solutions to support increasing market demand.

Security, specifically – especially at this very unusual time remains paramount to our strategy. In 2019 after a rigorous review by one of the top compliance consultants in the U.S., we are very proud to say that we achieved CJIS compliance.

CJIS sets security standards for law enforcement, cloud providers, local agencies, and corporate networks to ensure the secure management if sensitive criminal justice information. CJIS compliance is one of the many ways in which we operationalize security as a priority in both the technologies that we deliver and also in the geographies that we serve.

We have also received our second patent tending for parallel processing framework of voice to text digital media. This newly issued patent pending status protects 10 unique aspects of VIQ's innovative AI Assist technology. This critical distinction positions VIQ at the top of the list for secure management and creation of evidentiary content. We remain highly confident in our ability to not only increase market share and our average revenue per customer, but to also deliver revenue growth, higher margins, and EBITDA.

Sebastien, back to you for your view on shareholder value creation.

Sebastien Pare: Thank you very much, Susan. During the year, we generated significant shareholder value as our enterprise value grew from $37.4 million last March 31st to over $56.4 million on March 31st, 2020. Our enterprise value was made of about $14.7 million in net debt as of March 31st plus market capitalization of about $43.8 million. That is based on a stock value of $2.46 at the close of March 31st, 2020 with approximately 17 million shares outstanding.

This growth in enterprise value includes the impact of the equity market correction in March due to the impact of COVID-19 and compares favorably to enterprise value on March 31st of last year when our market cap was roughly about $25 million with a net debt of about $12 million last year. In February 2020, we announced completion of two accretive and no-dilutive acquisitions. On February 4th, we acquired one of the most respected and leading digital media content and transcription providers in the United States, ASC Services out of Washington.

The impressive client-base and talented team that we acquired is remarkable. I will share more disclosures in the coming weeks and months on the importance of these markets and the long-term customers now of VIQ. The second acquisition announced on February 27th is a leading U.S. transcription provider, WordZXpress out of Atlanta, Georgia. WordZ as we call them at their own A plus list of clients in the insurance markets. WordZ was VIQ's fifth accretive acquisition in less than 14 months.

Now I will hand the call over to C – our CFO, Mr. Alexie Edwards to talk about our Q4 and the full year 2019 results. Alexie?

Alexie Edwards: Thank you, Sebastien. To better understand the rapid transformation of VIQ and its operating entities are going through, I invite everyone on this call to take a few minutes to review all of the latest management discussion and analysis which we published today along with our consolidated financial statements. They are available in CDAR and OTC markets in the United States.

The MD&A provide shareholders with a strategic view of what VIQ is and where we're heading to for 2020 and has many layers of insights into how we're building our fundamentals and what sort of company we might be in 12 to 18 months from now.

Now let's speak about Q4 results. During Q – the fourth quarter, our revenue was $6.1 million, an increase of 190 percent versus prior year. Our gross profit was $2.4 million equivalent of 39.3 percent of revenue versus 9. – 19.7 percent in the prior year as the gross margin in the fourth quarter doubled year-over-year. The significant increase in gross margins reflects the impact of growth and early productivity gains and integration gains of our acquired assets late in 2018.

Gross margins are expected to continue to increase as customers migration accelerate in 2020 on to VIQ workflow, AI Assist, and mobile solutions. We generated negative adjusted EBITDA in the quarter of $300,000. This was mainly related to TSC – TSXC fees, legal fees, and administrative fees and administrative fees associated with a share consolidation. Adjusted EBITDA was negative in the fourth quarter, as the improvements to gross profit, were more than offset by our research and development spending on one time Netscribe AI Assist and cloud infrastructure set up in four regions globally.

At the moment, we have about 25 percent of our customers on the new platform. As we continue to convert clients to Netscribe AI Assist, and cloud infrastructure in the United States, Australia, the EMEA, and Canada, we expect additional one time R&D expenses for another two to three quarters as we complete the migration of all our customers into the new cloud AI workflow transcription platform.

By the end of June with exception of our newly acquired companies, all U.S. customers would have been migrated into our new workflow AI platform. Remaining customers globally will continue to be migrated throughout the third and fourth quarter.

These one-time migrations are the technical and operational prerequisites to enable the lift in productivity gains which as we saw in 2019 start lifting gross margins, would start lifting EBITDA, and consequently the net income. (inaudible) during the quarter, the company shareholders approved a share consolidation of one for twenty reverse plate and a company upgraded its DTC eligible foreign depository for common shares in United States from the UTCQB to the UTCQX, the best markets on the OTC markets.

We believe the timing for a successful reverse bits and O – and QX upgrade as well as our continual positive news flow have helped spark increased interest in our equity and the markets have been catching up to our equity story.

Now on to full year 2019 results, in addition to the full year 2019 revenue highlights that Sebastien provided, our key full year 2019 business highlights include a record gross profit of $10.8 million equivalent of 43 percent of revenue versus 31.3 percent in the prior year which increased 1,170 basis points year-over-year. Our gross margins are expected to continue increasing as AI integration accelerates. Productivity gains by our technology stack in our transcription services is directly tied to gross margin, EBITDA and net income.

We generated record EBITDA of $676,000 and adjusted EBITDA of $871,000. The stated net loss for the year of $4.5 million includes $4.7 million in noncash and onetime expenses broken down as follows.

One, $3.5 million in noncash depreciation and amortization from the successful commercial deployments of Netscribe AI Assist, and Mobile Mic probe. Two, $500,000 onetime M&A expenses, three, approximately $600,000 in onetime Netscribe AI Assist, cloud infrastructure setup in four regions globally. And finally, $200,000 stock-based compensation as stock value evolved significantly through the year.

Our 2019 financial results reflect several onetime expenses related to the M&A and large scale customers migration and investments made in operations to prepare for 2020 onward. Excluding these onetime noncash expenses, the adjusted net income would have been approximately $329,000 for 2019. Our financial plan is focused on the ability of our proven leadership team to quickly and effectively implement our technology to scale across international enterprise.

The company's key financial strategies remain proven and consistent. We're evolving toward higher quality, recurring higher margin revenue. We want to support our operations and acquisition strategy with lowest cost liquidity and we're implementing conscious specific technology stacks enabling the migration of all clients in the United States, Australia, EMEA, and Canada to complete a revolutionary end and workflow switch into a highly secured cloud computing infrastructure. This has required significant amount of investment but has resulted in clear wins with new and recurring revenue contracts.

As part of improving our overall efficiency, we have been consolidating our operations into our core production facility in Phoenix, Arizona. We are consolidating six of the eight offices in the United States that were inherited with acquisitions, Phoenix remains the company's global operating location. Stock market liquidity volume for the period of January 1st to December 31st, 2019 was 52 million shares. This is up 27 percent over the same period in 2018. Q1 2020 volume run rate is on course for annual record tradable on more than seven North American exchanges.

Since 2018 we have made significant progress toward optimizing the company's capitalization table. The states of the balance sheet has real exchange in positive ways to support our vision. We issued new capital, called lines, converted debt to equity, did a reverse split, and all of it supported a growth of our operations and five strategic acquisitions.

During the first quarter of 2020, we issued 6.4 million shares as a result of the exercise of the conversion option in respect of notes, having an aggregate principal amount of approximately $6.4 million. Clear note that we will recognize a onetime noncash aggregate total interest expense of $4.1 million related to the accelerated conversion during the first quarter of 2020.

Now, I'd like to hand it back to Sebastien to speak to our outlook and 2020 goals.

Sebastien Pare: Thank you Alexie, well done. 2019 was a very strategic year corporately on so many levels as Alexie just explained. At a high level, VIQ is now on the path to achieve roughly $33 million in 2020 from recurring revenue consisting of both technology and hybrid transcription services.

This excludes revenue from new sales and organic growth. Financial guidance including revenues and EBITDA projections for 2020 taking into consideration these new sales, targeted new acquisitions and new partnerships are not disclosed at this time. It will be prudent for any company to get ahead of any possible impact from the pandemic related to COVID-19.

As such, we've been working with the government in the U.S. and in Australia on pandemic wage subsidies to protect our workforce as well as our profit during this year of uncertainty. We will provide you with an update on our first call regarding Q1 early in May, but more likely, we'll have a better handle on the pandemic impact when we report Q2 in August.

We are pretty confident that we've taken every measure to protect our profit forecast for the year even if nothing is even certain. We plan to continue driving organic growth, successfully integrating acquisitions and pursuing non-dilutive acquisitions accretive to earnings to achieve our $100 million enterprise value goal next year. We continue to prepare for potential up-listing to a U.S. national exchange within the next year or two. Market conditions and company performance will drive the timing of our decision

We're currently reviewing full year 2020 goals in light of COVID-19. 2020 revenue goals are made of an estimated 85 percent to 90 percent in core recurring technology and services revenue from existing clients and 10 to 15 percent in organic growth. During the first quarter of 2020, the company generated between $7 million and $7.5 million in revenue.

This includes only some revenue related to the acquisition of WordZ which we closed on February 27 and ASC which we closed on February 4th. The full impact of these acquisitions along with the recently announced organic wins in Australia and in the United States are expected to be reflected in our Q1 earnings the beginning of Q2.

About 30 percent of our transcription volume is on the new Netscribe AI Assist platform. We expect all 1,300 customers excluding our two recent acquisitions will be migrated to Netscribe by the end of June of this year. This will result in gross margin climbing from 43 percent when we exited 2019 to 50 percent to 55 percent range when we exit 2020. VIQ AI platform, Netscribe AI Assist, currently has 25 percent of our clients in United States and Australia. We're targeting 60 percent by the end of Q2 and a hundred percent by the end of the year. That will directly tie to the year-end results and set fiscal year 2021 very strategically in terms of lifting productivity gains past the 55 percent to 60 percent threshold early next year.

The financial implications of these strategic migrations from fragmented unsecure offline system to secure integrated CJIS-ready online infrastructures are profound for what's ahead of us in terms of profitability, enterprise value creation target of $100 million and our march towards Nasdaq. Adjusted EBITDA is expected to range between 10 percent and 15 percent of revenue this year.

As of March 31st, 2020, our current backlog is roughly $3 million, mainly consisting of orders for long-term SAS technology and services contracts awarded to VIQ and expected to generate incremental recurring revenue in the second half of the year and fully being fully realized financially throughout 2020 and 2021. VIQ continues developing an M&A pipeline which may result in additional acquisition in the second half of 2020 and 2021.

Now a little bit more about COVID-19, VIQ has taken what we believe to be the appropriate measures to ensure stability of its business during COVID-19 health crisis. VIQ remains on highly solid footing with diversified revenue sources across multiple markets and regions.

Load balancing enables the company to mitigate any market declines from some market with significant surges in others; while some markets and regions are more directly impacted than others, others such as conferencing, media, and law enforcement are experiencing significant demand surge. More than 95 percent of VIQ global workforce is working remotely with high productivity levels up from VIQ steady state of approximately 80 percent prior COVID-19.

Migration from offline to online work, and ever-increasing demand for high quality turnaround time on documentation is now more essential than ever to enable crucial business stability during COVID-19 for our clients. VIQ is seeing an uptick in three of its five major markets even if it's too early to speak to longer term impact.

The company cannot accurately predict the impact of COVID-19 will have on its operation and the ability of others their obligations with the company. In conclusion, our plan is working while it continues to evolve. We're set to perform well in 2020 and 2021 despite the global pandemic. Our investments in VIQ future is paying off.

We have clearly started to create substantial shareholder value. I look forward to keeping you informed on what we're achieving in 2020 and beyond.

I want to leave investors and analysts tonight with three key points. In 2019, we did what we said we will do. Our plan is working and we're set with strong growth for 2020 and beyond. We're creating tangible shareholder value and the best is yet to come. We expect to file Q1 results around May 6th.

This concludes the short formal update from me, Susan, and Alexie. Now, the moderator will pause and we'll be pleased to take your questions.

Operator: Thank you. Ladies and gentlemen, at this time, I would like to remind everyone that in order to ask a question, please press "star" then the number "1" on your telephone keypad. We'll pause for just a moment to compile the Q&A roster. Your first question comes from (Marla Merin) with Zacks. Your line is open.

(Marla Merin): Thank you. Hello. Good afternoon. So I'm wondering – I can understand that it's probably early in this pandemic to really talk about specifics, but in terms of part of your strategy has been to augment or complement your organic growth with M&A, are you thinking that there is a possibility that either the bid ask spread might get narrower and increase the potential (field) for M&A candidates? Are you seeing anything right now that would lead you to believe that that's a possibility down the road?

Sebastien Pare: So that's a – that's a great question, (Marla). Maybe just let me get started and maybe, Susan, you could add as well. But clearly, what we're starting to see is that our customers in the vertical that we're in, you know, clearly are looking for faster turnaround on the quality of the evidence being captured but also documented.

And in the midst of the collaboration of what's going on online now with COVID-19, the days are starting to be gone where our customers can expect to wait three to five days for good quality documentation. They're now relying on online collaboration tools and those timelines are shrinking towards a day, towards hours in some cases.

So what – people are starting to realize now that you cannot shrink from four days to two or three hours or even half a day just by simply adding more people to an old infrastructure. You need to basically be in a position to take advantage of new tools and technology.

So to answer your question, we believe – and that's what Susan made a reference, that our leadership is starting to emerge because now this year you should expect to see us winning contracts where the turnaround for the same quality will now be shrinking from days to hours.

And from our perspective frankly, unless you've migrated towards cybersecurity, cloud computing, and you've done the hard work to invest in technology, it will be really hard-pressed for those companies to be able to fulfill that requirement. Susan, maybe just a quick work on your side of it.

Susan Sumner: Absolutely, Seb. You know, it's a – it's a very interesting time for us because we are very well-positioned globally to withstand the crisis. As you know, this is a very fragmented industry from the services perspective and we now have an opportunity to seize on that.

We continue to promote a very healthy pipeline for acquisitions, and I believe that obviously we won't know more for a couple of months, but I believe that you'll see that the pipeline will likely become stronger on the – on the M&A side simply because our technologies will evolve at a pace that is much more – much more complicated to achieve relative to the demands of our customer base than the smaller transcription companies that exist globally. So we're feeling very bullish about it right now.

(Marla Merin): OK. Thank you very much. I have one question then I'll let you move on to someone else. Your historical focus has been primarily on three key silos. You know, the insurance silo, law enforcement, judicial. What are you thinking now in terms of your ability or if there is demand outside of those three very important cases?

Sebastien Pare: That's a – that's actually something that obviously we've been thinking through a lot, (Marla), leading to the ASC acquisition, and when I use the word remarkable, I have to give credit to the entire M&A team. We saw in ASC a very strategic ability to add one additional market to our focus and the timing was impeccable in terms of what we've done.

I mean our numbers would have been slightly different. I think it's not a secret that we were expecting to close on those two acquisitions before last year, but there were many strategic reasons that I'm not able to disclose today that led us to a close in February. The good thing is we did close and it's incredible what we've got.

So, for example, the media content that Susan is referring to is a perfect match for where we're going with our technology. The political arena with the multi-speakers and the quick turnaround is actually a perfect match for what we're looking for.

And, you know, we're not able to disclose those details yet, but I did allude to in the address that we can't wait to start disclosing a little bit more in terms of what those customer means to us because they're large customers, they're long-term customers and it's another very critical vertical for us that complements very well our law enforcement, our courts and justice, and the insurance that we've been doing.

So we now have added strategically another vertical and we did that very, very carefully because we truly believe in laser focus and we want to make sure that if we're going to be entering a vertical is we have a long-term plan. In this particular case, we do. So, Susan, maybe just a few more items on your side because that's a great question.

Susan Sumner: No, I think you – I think you answered it completely. I mean we are – as I said in our investor call a couple of months – time is virtual now, but a few weeks ago, that our primary view obviously all of the financial elements around the health of the company that we would potentially acquire is around our ability to influence that segment with our technology to profitably influence the customer experience.

And I believe there are many more verticals out there that we can evaluate, but I still think there's plenty of potential in the verticals we're serving. We now know that we can expand from the knowledge base we've gained from the ASC acquisition into other global markets that we serve. We're evaluating where our services footprint is also relevant in other geographies.

So I think the timing is right for us right now to look at both expansion in terms of the industry segments, but do it in a way where we're very smart about how that influences the control around our R&D footprint and our R&D roadmap because we don't want it to be (dilutive).

(Marla Merin): Thank you for that.

Operator: And, again, to ask a question, that's "star," "1" on your telephone keypad. Your next question comes from (Patrick Walravens) with (JMP). Your line is open.

(Patrick Walravens): Oh, great. Thank you and congratulations on the last year. So Sebastien just because I'm somewhat new to this and I want to make sure I understand. So you guys are withdrawing the 37 to 40-million-dollar guidance for 2020, is that right?

Sebastien Pare: No, we – what we're saying is...

(Patrick Walravens): No? OK.

Sebastien Pare: Yes. No. What we're saying, (Patrick), is – I'm glad you're asking. What we're saying is we have – we know what our numbers are already for Q1. That's what I was able to share those numbers. But what we want to do and we spoke really in-depth with the board and our advisors that we want to until everything gets settled at least until early May that we will have a better view to provide an update on those financial guidance.

Frankly, there was even – a month ago where we talk about that our – after ASC and (WordZ) and our backlog that we're now on the – on the path for 40 million dollar this year.

And those numbers are still out there, but what we want to do is be very prudent, very safe, as many of you on this call will remind me, be conservative, and at this point, I think any company has earned the right to basically say, "Look, let me get through Q1," which we did, and I think the (street) will be very pleased to see the results knowing that Q1, we had 1.5 months worth of COVID-19 impact and when the street starts appreciating what we deliver in Q1, I think the base of the new models will come out from that so that's really where we're coming from. Alexie, any other perspective on that.

Alexie Edwards: I agree with you a hundred percent because at the end of – towards mid of Q2, we'll be in a better position to assess impact of COVID and see but at this point in time, I don't think it's wise for us to make any adjustments.

Sebastien Pare: And, (Patrick), just maybe before we move on to the next question, it goes the other way. Susan kind of alluded to it. I made some reference to it as well. We have been able to organically win a number of deals in Q1 and we continue to do so. So what we want to do is model all of this to a proper forecast and I also made reference to the wages subsidies that VIQ has applied for in the United States and Australia.

And I'm not in a position to disclose the details, but all of this is going to come out on May 6th when we report Q1 and again I think the capital markets are going to appreciate what we've done to protect the base, but also in the context of the recent wins and the backlog, because while everybody is talking about COVID-19 – and I don't want to speak on behalf of Alexie and Susan, but rest assured that all our clients are also into what they call a reopening mode and now they're planning to start thinking about, "OK, what happens now with the surge when the economy starts reopening?"

And so they need to invest and sure enough, the technology and sure enough the technology and drive to optimize even further the workflow is on the top of their mind, knowing that in some cases particularly with the insurance industry, that's still 40, 50 percent of their workforce might still be working from home even if – when they reopen the offices.

So all of this from my perspective is very exciting in terms of what it means for us, and while I'm not in a position to basically lock in a number, I think, you know, it could go the other way and all of this will be reported on May 6th.

(Patrick Walravens): OK. That's very helpful. And, Alexie, I might have missed it, but did you tell us what the organic growth contribution was in 2019, what the organic growth was?

Alexie Edwards: It's about 10 percent.

(Patrick Walravens): OK. All right. And then last one for me. Sebastien, if you could just walk through sort of the trends – and you did it a little bit, but the trends that COVID-19 is driving in each of the three areas, law enforcement, insurance, justice and legal...

Sebastien Pare: Yes.

(Patrick Walravens): I think that would be really helpful for me. I mean insurance, for example, fewer people are driving and there's less car accidents, right?

Sebastien Pare: Yes.

(Patrick Walravens): So just that sort of thing.

Sebastien Pare: So let me – that's a great question. And, you know, Susan, I know you're going to want to add a lot of colors to it because you're a lot closer to it but, (Patrick), it's a great one. And frankly, it's something that I've been asked a lot in the last 10 days. So let me just give you my one-minute overview before I let Susan give you more colors.

Overall, really what we're trying to communicate tonight is because as (Marla) said we now have a clear, strong recurring revenue that is diversified and is international, what I was trying to explain is while we might see an impact because some of courts clients for example in Australia might close their offices.

So you will think that the volume is going to disappear. What we're saying is the volume might be dropping in some of the markets like Australia for courts but at the same time, the surge in conferencing media and political on the ASC side in the U.S. is up by over 30 percent just in one month.

So what we're starting to see now is those impacts, one market is offset by a surge in the others. Law enforcement surprisingly – and, (Patrick), and again, Susan will provide you more, it's maintaining its ongoing volume. The crime has shifted and this is not a place where we want to disclose the details, but law enforcement is steady, and on the insurance side for anybody's benefit tonight on this call, we tend to get involved on the documentation of the evidence in the insurance industry when there's claims for – or there's a dispute.

So in other words, we're still dealing with a backlog of cases with the large Fortune 500 companies in the last several months. So really what we're seeing now is so far on the insurance side and Susan will provide you more, we have not seen any – as a matter of fact, we've seen an uptick is because we start dealing with the backlog and that's what it's very prudent at this point for us to wait to see where we're going to land in Q1, but right now, the only market where we've seen a small direct impact is some of our court customers in Australia, because they shut down the courts but we're still processing about 50 percent of their cases, but then those cases have gone online.

So the judges now are utilizing our technology plus the press release about Zoom, Skype, and the others to allow them to capture the evidence and then process the cases online and the transcription behind it is happening. So, Susan, just quickly on your side. I think that's a great question on your side as well.

Susan Sumner: You know, timing is everything and if we all had a crystal ball to be able to anticipate the length of this – of this crazy world and the problems we're having, I could give you better guidance on this. Right now, we are – first of all, the media business, the media, political, and conferencing business is blowing us out of the water. The demand is growing every single day, so all of the – all of the great gains that we anticipated from ASC acquisition are bearing fruit to a huge extent.

On the insurance side, it's really interesting and there's, historically, a 90-day lag because remember, we don't process claims for insurance based on an automobile accident. It's not like a medical transcript where every time a doctor goes into an office they happen to dictate a report relative to that particular incident.

We're documenting issues that they believe are high risk to likely have some kind of legal implication down stream. And they typically operate in a 90-day lag and we have been – we have been actively typing backlog. So assuming that we are not going to go into six months on this, I think we're going to operate on the insurance side in a – in a very, very healthy way.

Law enforcement is remaining very constant. We have not seen any disruption in that business. Quite frankly, it's actually being blown out of the water in Australia. So we're in great shape and I would say on the capture technologies, right, so we're not only about service businesses, we're also about capture technologies, the courts are very anxious to solve a problem that they have because court cases aren't going away.

When we launched the Capture Pro conferencing product last week it was because the courts were demanding for us to come up with a solution to the embedded technology that we already have. And the great news that attaches to that is, we will now be able to have a much better relationship with these courts to deliver the end-to-end solutions globally that we've been talking about.

So I don't want to say that we're opportunistic, but we are in being able to quickly pivot toward the market demand, and I tried to review that in my discussion, but to be able to capture the requirements, no pun intended, around what the courts are asking from us, which is the ability to hold these court sessions in Zoom conference.

So we are taking orders. We have – we launched the product, we literally came out of the gate last week and we did our first three installations today. So I'm super proud of the team and I feel very good about the spaces that we're playing in right now.

(Patrick Walravens): All right. Super helpful. Thank you.

Sebastien Pare: Thank you, (Patrick).

Operator: Your next question comes from (Neil Joshi) with – who's a private investor. Your line is open.

(Neil Joshi): Hi. Congratulations everyone on the year. Two questions. I'm wondering if brand recognition within the industry is sufficient. Is a name change in order? VIQ versus something more catchy? Is that something that would be considered? And also, when can we see things if there's such confidence amongst the executive team, more insider buying, I think that would be very reassuring to shareholders. Thank you very much.

Sebastien Pare: The first one – thank you for the questions, (Neil). The first one is as a matter of fact that the VIQ brand, I'm assuming just based on your question that you might be coming in from, you know, obviously years into – as a shareholder, but I could tell you that we're going the other way at this point, which the VIQ brand is getting stronger by the day.

And what we're doing is you're going to see a very strategic migration and I offer you to go into the MD&A when we talk about some of the migration of the branding for the industry towards the VIQ brand, because globally the VIQ brand has changed drastically in terms of value and what it means.

And that's the direction that we're taking, but point taken. We understand where you might be coming from. And on the other side, I'm not really usually a fan of commenting during earning calls on stock or who does the buying and who does the selling.

The only thing that I would like to point out is on December 31st, 2019. So we exited last year, our (VU Op) was at $2.18. The year-to-date (VU Op) so far basically, it's $3.42 Canadian, so we're up by 56 percent. In February 20 – I'm using that because that's in my mind the peak of the market before COVID-19 really started to create the lockdowns worldwide.

So I'm using February 20th to today, our (VU Op) is up by 24 percent in the midst of all that with a (VU Op) of $3.70. Now, who does the buying? I think you can appreciate that we've been into blackouts internally from myself to the rest of the insiders on this, but when it's appropriate, we get involved and there's all kinds of reports publicly, but at this point I don't think I would like to comment further on those two questions.

(Neil Joshi): OK. Great. I'm already in the black, so keep up the good work. Thanks everyone.

Sebastien Pare: Thank you. No, it's been really – I just wanted to throw it out there because it's February 20th. If you think about it, that was the peak of the markets, and then from there, we went to the worst crisis in 124 years in capital markets in the United States. And obviously, we got impacted but overall, despite all of that – all the way to today, we've been up by 24 percent.

So I think the markets are starting to appreciate what Susan is trying to communicate or (Patrick) questions that there's resilience. Not only we're going to withstand this period, but we might come out stronger and this is really driving the optimization in the digital transformation, as Susan beautifully said, our customers now are demanding a much more accelerated pace towards going digital.

And, for us, I think we're well-positioned both on the services and technology because what we're trying to do is to bring the expertise of the transcription with the frontline technology and the yesterday press release on the – on the conferencing as well as the one last week regarding (Mobile Mic) gives insight – capital markets and shareholders a bit of an (insight) in terms of how the (end-to-end) is coming to play. And then you top that off with the CJIS ready compliance that (Susan) referred to, I think we're extremely well-positioned to keep this up. So thank you for your support, sir.

(Neil Joshi): Thank you. We're all used to having things like Zoom conferences if our kids are in school and virtual meetings. I think that's going to help our product acceptance as well in these highly secure type of industries.

Sebastien Pare: Thank you.

Operator: And there are no further questions at this time. I would now turn the call back over to the presenters.

Sebastien Pare: Well, thank you very much for joining this conference call tonight. We appreciate the questions and appreciate the attendance very much. And we look forward to seeing you early in May when we discuss our first quarter results which will include 1.4 – 1.5 months worth of pandemic in Q1.

I personally cannot wait to bring these Q1 results to our shareholders and the capital markets as we're more than holding our own during this pandemic, let's put it this way. So proud of our entire VIQ team globally, including every member of the leadership team, the board and every member of their families.

2020 has already been a very challenging year. We believe we're well-positioned despite the global pandemic, more on that subject when we release Q1 in the context of our financials. Also, for all our new investors and interested analysts listening on this call tonight, I invite you to listen to our webcast on April 21st at noon Eastern Time.

We will go live to participate into Planet MicroCap Panel entitled The OTC Markets Navigating Liquidity, Quality, and Success: The Long Game. And despite all the candidacies, VIQ was chosen as the case study for this panel. It's loaded with insight about VIQ and how we've approached our enterprise value creation and what it means to the shareholders as we maintain our trajectory in 2020 and 2021. On that note, be safe. Goodbye.

Operator: Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

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