26th July of 2019

Dear ViewCast Shareholder(s):

As can be seen from our 2018 year-end financial results, royalty revenue continued to decline another 23% from 2017. Back in 2013, after 20 years of developing and providing the world's best video capture cards and solutions, our company was fighting for its very solvency as a company. It was a heart-wrenching decision to sell our operating assets, but even after the new owners streamlined manufacturing, reduced operating costs, made significant investments in new product development, and aggressively promoted the product offerings, we have not experience a growth in the royalty streams as one might have expected over the past three years.

With the explosive increase of video in corporate and consumer marketplaces in the last several years, this result begs a reason. Terabytes of new video are produced daily, but uploading, accessing and viewing do not require the solutions our assets provide. It is not parallel to the automobile replacing the horse-and-carriage, but rather the needs and direction of the ever-changing marketplace are being satisfied by disruptive technologies such as affordable smartphones (which virtually everyone from ages 10 to 90 carry around constantly), cloud-based storage and on-demand retrieval technologies. Our busy culture values accessibility at the viewer's convenience rather than real-time, live viewing, and countless live recorded videos are posted, shared and viewed daily via free apps at the viewer's leisure. Fortunately, the products producing our royalty stream are NOT parallel to buggy whips and there continue to be significant niche markets in which the industry-leading Osprey cards and Niagra Video Solutions provide great value, reliability, ease-of-use, are feature-rich, and solve the needs of live streaming and managing live video production like no other products can do; but it looks like these past few years have validated our decision to exit the live-streaming space our company incubated.

On the expense side of the ledger, operation costs continue to be minimal and though it was not a significant cost, changing our stock transfer agent in 2018 to Colonial Stock Transfer has allowed us to reduce that expense even more. However, as the general economy has strengthened, interest rates have increased. The unfortunate consequence for our company is that our interest expense from the year prior grew significantly in proportion to our revenues. Our lender agreed to accept partial payment of interest and delayed payment of the balance interest owed, but even with this our investable cash reserves actually decreased by the end of 2018.

In light of these realities, we continue to focus our energies on finding potential video technology enterprises interested in acquiring what we have to offer: a clean, public shell with a significant tax-loss carry-forward. I appreciate your continued patience. If you have any questions related to ViewCast, please do not hesitate to contact me.

Most Sincerely,

Lance E.L. Ouellette
President
ViewCast