

Management Discussion and Analysis

Dated: August 28, 2019

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the three and nine months ended June 30, 2019, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2018.

The Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. The Company's external auditors, RSM Alberta LLP, have performed an audit of the consolidated financial statements.

All amounts have been expressed in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Forward-Looking Information

This MD&A may contain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking statements. Generally, forward-looking statements may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved.

These forward-looking statements reflect the Company's current beliefs and are based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to, demand for the Company's products, meeting budgets and forecasts and future costs and expenses being based on historical costs and expenses, adjusted for inflation. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Such risks and other factors may include, but are not limited to: the early stage development of the Company's products; general business, economic, competitive, political and social uncertainties; an un-diversified customer base for the Company's products; competition; delay or failure to receive board or regulatory approvals; changes in legislation affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labor or loss of key individuals.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

Business Overview

Visionstate Corp. is dedicated to sustainability and social responsibility through investing in promising new technologies in the areas of the Internet of Things (IoT) and renewable energy applications. The Company owns 100% of Visionstate IoT Inc., the main operating division of Visionstate Corp., which markets proprietary smart technology to the facility management industry.

Visionstate IoT's primary product is a smart device called Wanda which is mounted at the entrance to public restrooms or common areas and collects data through customer and employee engagement. Wanda also collects data from sensors embedded in restroom dispensers to provide detailed analytical information on the performance and efficiency of restroom cleaning and maintenance. Wanda has a demonstrated return on investment in terms of resource allocation, efficiency, employee accountability and minimizing exposure to liabilities.

Wanda is a product that is ahead of its time, having been first installed in a shopping centre in 2013 to electronically track restroom cleanings in order to reduce liability exposure to slip and fall incidents. Since then the product has expanded to become a hub of data for all cleaning activities and provides detailed reporting and analytics on this performance. The technology has been adopted in several sectors, including airports, shopping centres, casinos, hospitals, schools, and office buildings, to name a few.

Over the last 12 months the interest in Wanda has increased significantly due to the general increase in awareness about the value of IoT solutions in facility management and by the public as a whole. At the same time new connectivity solutions dedicated to IoT roll outs have been introduced to the market by the large telecommunications companies, enabling easier and quicker deployments of the Wanda solution.

With a solid base of existing customers and technology, Visionstate is poised to become a leader in IoT applications for this sector. Significantly, the Company has aligned itself with some of the largest players in the facility management industry, including global distributors, product resellers and large technology partners. This strategy of aligning with industry leaders provides an important level of protection for the company against potential competitors coming into the space, as the sector grows.

Wanda is based on a royalty and residual income model. The Company earns software royalties on every Wanda sale, and collects annual residual payments for licence fees based on the number of units installed. The Company's objective is to expand the install base to grow residual revenues which can then assist Visionstate Corp. in accurately predicting future revenue growth and provide a return to investors.

Over the past 12 months, Visionstate IoT has been focused on taking Wanda to market and introducing the solution to large potential customers on a global basis. It has accomplished this by partnering with a global distributor. The wide exposure to new and potential customers also provided Visionstate IoT the

opportunity to assess its technology, market positioning, and additional revenue streams within the facility management sector.

During the current fiscal year, the Company identified several new products that could enhance Wanda and diversify the revenue streams. These products and revenue streams were introduced to the market during the third fiscal quarter and are based on software as a service models, these include:

1. Wanda QuickTouch – A simple, easy to install IoT button that’s ideal for remote, less trafficked areas or restrooms. Connecting automatically to the LTE-M network, Wanda QuickTouch is battery operated with an estimated lifespan of three years or 2,000 clicks. The buttons can send customer or tenant service alerts to management and records cleanings and alert response times. The data is collected and presented in Visionstate’s online portal in real time analytics and detailed reporting. Based on the software as a service model, Wanda QuickTouch is sold at \$25 per month per button over a 36-month contract. Wanda QuickTouch addresses the relatively high cost of installing Wanda tablets in less trafficked areas or restrooms, such as remote restrooms in airports, stadiums, conference centres, colleges and universities, upper levels of office towers, or patient restrooms and nursing stations in hospitals. QuickTouch is currently being marketed through Visionstate IoT and will be introduced to resellers in September 2019.
2. Wanda Mobile – The mobile version of Wanda adds value to the Company’s solution by enabling facility managers to use Wanda functionality outside of the restroom environment. The mobile version tracks incidents, cleanings, resources and the time, location and individual involved. Wanda mobile can be used with Wanda devices as well as the QuickTouch. Wanda mobile addresses the challenge of installing hardware in inaccessible locations, or less trafficked areas that do not justify the capital expenditure. Wanda mobile is being marketed as software as a service since there is no hardware required. The solution is sold at \$50 per user or enabled device, per month. Wanda mobile will be introduced to resellers in September 2019.
3. Visionstate Analytics – Visionstate Analytics is offered on a subscription basis providing customers of Wanda a monthly report card on cleaning and maintenance efficiency based on Wanda data. The service will provide detailed analytics and efficiency ratings on each restroom or area, providing demonstrable return on investment to Visionstate customers. This product represents the Company’s first foray into analytics as a service. Pricing and roll out of the analytics service will commence in the fall of 2019.

Moving forward the Company’s objective is to significantly grow revenues as the facility management market begins to adopt IoT solutions in earnest. The Company will accomplish this by continuing to expand its reseller network and introduce new and complimentary products to the market that are based on the residual revenue model, either as license fees, or through software as a service.

Overall Performance

During the fiscal year 2018, Visionstate Corp. has been focused on advancing its relationship with its global distribution partner, Bunzl. During this fiscal year, management has been focused on reseller partnerships and introducing new products into the market.

The Bunzl partnership continues to advance the Wanda product's footprint through Bunzl's global reach giving Visionstate the opportunity to entrench itself in with the major players in the facility management industry, and to continue the development of smart devices. Sales from this relationship are being realized and will commence manifesting in a much larger way as sales and marketing efforts progress and as Bunzl continues to expand sales in the US and the UK.

During the nine month period ended June 30, 2019, selling, general and administrative expenses decreased to \$462,331 from \$669,366 in the nine months ended June 30, 2018 but increased to 207,919 from 172,944 in the three month period April 1, 2019 through June 30 2019. The increase in the three months was a result of the requirement for additional development efforts including staffing to bring new products to the market including the Wanda mobile App and the IoT Button as well as investment into investor relations.

Gross revenues for the quarter decreased by \$16,678 to \$21,265 (\$37,943 in quarter ended June 30, 2018) however the gross margin percentage increased to 90% (2018 – 56%) as a result of the reseller partnership with Bunzl. Management is anticipating further increases on revenues and margins as the reseller partnership with Bunzl grows and their team is trained and is in a position to fully execute and additional reseller relationships get traction. Management believes that disruptive technology like WANDA are best sold through relationships with the large players in the industry rather than traditional sales methods. The Company believes this strategy, over the long term, will generate a greater amount of market penetration as it requires significantly less intervention at deployment and little to no inventory carrying costs and little to no investment in sales resources.

Revenues are driven primarily by the sale of this IoT product and derived from recurring licensing and software support fees, thus as the number of units increase, so does the revenue.

As a result of the Bunzl partnership, management has successfully focused the Company's attention to the continued enhancement of the product software and left the sales and inventory management to the expertise of their partner. This will allow management to continue expanding the capabilities of the Wanda and developing complementary products while collecting residual license and initial set up fees from Bunzl. While this has affected revenues in the short term, since the margins on the hardware have decreased, management believes that in the long term, the Company will be better served through this business model.

Selected Annual Information

The following table details the company's previous three years performance (in Canadian dollars) based on audited financial results prepared in accordance with International Financial Reporting Standards.

	2016	2017	2018
Total Revenue	\$ 296,035	\$ 174,465	\$ 200,484
Net Loss	\$ (329,056)	\$ (814,476)	\$ (762,157)
Basic and Diluted Net Loss per Common Share	\$ (0.01)	\$ (0.01)	\$ (0.01)
Total Assets	\$ 218,581	\$ 26,569	\$ 451,455
Total Long Term Financial Liabilities	\$ -	\$ 50,249	\$ 33,121

Results of Operations

The accompanying audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and operating division, Visionstate IoT Inc. and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for financial statements and include all of the disclosures normally contained in the Company’s annual financial statements.

Revenue

Total revenues for the quarter ended June 30, 2019 were \$21,265 and six months ended June 30, 2019 were \$109,125 (\$37,943 and \$166,492 for 3 and 9 months ending June 30, 2018). The decrease in revenue is a result of the time it is taking for the reseller partnership to gain traction as the sales force is being trained. In the past, Company revenues were affected by the fact that Visionstate had sold the product directly and received a profit on the hardware however management believes that relinquishing the sales efforts and the investment into carrying hardware inventory to the Bunzl team will yield greater revenue in the long run, as Bunzl gets traction globally.

The gross margin for the three and nine months ended June 30, 2019 was \$19,225 and \$63,305 (\$20,905 and \$100,192 for the three and nine months ended June 30, 2018). The Gross Margin percentage for the three months increased to 90% and nine months a slight decrease of 2% to 59% (2018 – 56% and 61%). This was a result of a better return on sales as the hardware related costs are absorbed by the reseller. Management believes that its cost of sales will continue to drop as a result of its distributorship agreements which will allow for large inventory orders directly from the manufacturer bypassing the markup from the US based resellers and the exchange rates related to inventory purchases; additionally management believes that offloading the sales effort to distribution partners allows it to focus resources on research and expansion of the product footprint without additional overhead.

Selling, General and Administrative

Selling, general and administrative expenses for the three and nine months ending June 30, 2019 were \$207,919 and \$462,331 (\$172,944 and \$669,366 for the three and nine months ended June 30, 2018). These costs include research expenses, as well as public company compliance fees, investor relations costs, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses have decreased as a result of decreased investment in sales efforts but increased slightly in the 3 months as a result of additional resources deployed toward development of new products.

Summary of Quarterly Results

Description	Apr 19 – June 19	Jan 19 – Mar 19	Oct 18 – Dec 18	Jul 18 – Sept 18	Apr 18 – Jun 18	Jan 18 – Mar 18	Oct 17 – Dec 17	Jul 17 – Sep 17
Total Revenue	21,265	29,226	58,634	33,992	37,943	52,699	75,850	50,218
Net Loss	(198,951)	(131,919)	(96,176)	(186,571)	(159,721)	(280,199)	(135,666)	(423,783)
Basic and Diluted Net Loss Per Common Share	(.00)	(.00)	(.00)	(.01)	(.00)	(.00)	(.00)	(.01)

The quarterly results of the Company mainly fluctuate as a result of variations in revenue, amortization, public company costs and staffing included in selling, general and administrative expenses. Revenue varies directly on the number of units sold and the number of license renewals.

Liquidity and Capital Resources

The Company has limited financial resources and its ability to continue as a going concern is dependent on attaining profitability. Visionstate continues to deploy its client management software which has given

the company a proprietary platform upon which to customize each client, and this has given the company the ability to deploy in much shorter periods of time to a larger and more varied customer base.

Furthermore, the company is beginning to receive requests for quotations from different market sectors and is beginning to see a definite increase in interest for its product in different areas of the marketplace as IoT becomes increasingly popular as a resource for analytics collection. The Company is also continuing to roll its products out into the US market and internationally, reaching a larger marketplace thereby getting a competitive advantage.

As at the year end, the Company had negative working capital and is dependent on recurring licensing fees, sales of product and related party advances to ensure adequate cash flow to cover expenses and continue as a going concern. There are no assurances the Company will be able to raise additional funds or attain profitability. The company continues to deploy its product and establish strategic reseller and other relationships coupled with expanding its global penetration and is currently in discussions with its partner for a new product the Company is currently developing which is strategic to mass market penetration.

Related Party Transactions

The Company accrued management fees for the three and nine months ended June 30, 2019 in the amount of \$28,500 and \$82,500 (June 30, 2018 - \$28,500 and \$84,178 respectively) to two officers of the Company, one of which is also a director. The Company accrued interest in the amount of \$2,614 and \$3,021 in the three and nine months ended June 30, 2019 (June 30, 2018 - \$1,384 and \$14,897 respectively) to directors and officers.

Advances from Related Parties	March 31, 2019	September 30, 2018
Due to an individual related to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment.	\$14,601	\$ 16,500
Due to a company owned by an individual related to a director, unsecured, interest payable at 12% and without specified terms of repayment	1,872	1,872
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	-	5,122
Due to a director, unsecured, interest payable monthly at 10% per annum, due on demand	73,700	73,700
Due to a company owned by a director, unsecured, non-interest bearing and without specified terms of repayment	4,222	6,640
Due to a director, unsecured, interest payable at 10% per annum, and without specified terms of repayment	937	-
Due to a company owned by a director, unsecured, interest payable monthly at 10% per annum, and without specified terms of repayment	42,320	4,890
	\$137,652	\$ 108,724

The advances from related parties have been provided to the Company for working capital purposes.

Share Data

The Company completed a share consolidation of its share capital on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares effective on August 21, 2019. Prior to the share consolidation the Company held a total of 144,313,219 common shares issued and outstanding and as a result of the share consolidation, the Company now has a total of 36,078,281 common shares issued and outstanding.

Shares Outstanding prior to August 21, 2019: 144,313,219 common shares

Shares Outstanding post consolidation and as at August 28, 2019: 36,078,281 common shares

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at August 28, 2019.

Common Share Purchase Warrants Outstanding post consolidation: 6,750,000 as at August 28, 2019

Financial Instruments

The Company's financial instruments consist of cash and bank indebtedness, accounts receivable, investment, convertible debenture receivable, accounts payable and accrued liabilities, convertible debentures, advances from related parties and promissory note payable.

The Company has designated its financial assets and liabilities as follows:

Financial statement item	Classification	Measurement
Cash	Fair Value through profit and loss	Fair value
Investment and conversion feature of convertible debenture receivable	Fair Value through profit and loss	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Convertible debenture receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other Financial Liabilities	Amortized cost
Convertible debentures	Other Financial Liabilities	Amortized cost
Advances from related parties	Other Financial Liabilities	Amortized cost
Promissory note payable	Other Financial Liabilities	Amortized cost

Fair Value

The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. Financial instruments also include investment, convertible debenture receivable, advances from related parties, convertible debentures and

promissory notes payable. Management considers that no events have occurred subsequent to the inception of these financing arrangements that would indicate that fair value differs substantially from carrying value.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consists of accounts receivable. The maximum exposure to credit risk as represented by the carrying amount of the financial assets is \$ 31,603 as at June 30, 2019 (June 30, 2018 - \$27,151). In the normal course of business, the Company evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At June 30, 2019, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	June 30, 2019	September 30, 2018
Current	\$ 23,374	\$ 4,342
31 – 90 days	812	1,648
91+ days	7,417	11,050
	\$ 31,603	\$ 17,040

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The \$100,000 convertible debenture is due on demand. The Company is currently negotiating with debenture holders to extend the terms or convert their debentures to shares. The Company is actively working toward increasing activities to improve sales of its products to meet future working capital requirements, but it may have to seek equity or debt financing

At June 30, 2019 the Company had cash in the amount of \$9,483 and accounts receivable of \$31,603 (2018 - \$382,369 in cash and \$27,151 in accounts receivable) with which to meet its obligations. At June 30, 2019 the Company had a working capital deficiency of \$770,891.

The contractual maturity of the Company's liabilities of \$892,931 at June 30, 2019 (\$618,108 – June 30, 2018) is due on demand.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in interest rates. The Company is susceptible to interest rate fair value risk on its fixed rate debt.

Capital Management

The Company considers the contributed surplus of \$1,908,678 (June 30, 2018 - \$1,908,678) share capital of \$8,030,859 (June 30, 2018 - \$8,809,782), warrant reserve of \$670,795 (June 30, 2018 - \$Nil), advances from related parties of \$137,652 (June 30, 2018 - \$116,383) and convertible debentures of \$153,915 (June 30, 2018 - \$147,730) as capital. The Company's objectives when managing its capital structure are to provide sufficient capital to maintain its current operations and to continue with the development of new and existing products. The Company has no externally imposed capital restrictions.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through regular meetings and review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is receiving greater interest from the Canadian, US and European marketplaces, including hospitals, airports and shopping centers, in its applications. As well, the Company is successfully managing its relationship with its distributor and adding new resellers and bringing new products to market, all which management feels will assist the Company to expand its market reach more expeditiously. Management believes that successful execution of its business plan will result in sufficient cash flow to meet its objectives and current obligations.

Methods used by the Company to manage its capital include the issuance of new share capital and issuance of convertible debentures.

The Company's capital management objectives have remained unchanged over the years presented.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes.

There is a full discussion and description of the Company's critical accounting policies in the audited consolidated financial statements for the fiscal year ended September 30, 2018.

Future Plans and Outlook

The Company's objective moving forward is to secure new reseller agreements to expand the sales base for the Wanda solution, including new products brought to market in the fourth fiscal quarter. The margin on royalties and licence fees for these products are approximately 90%.

The Company will also be focused on services, including analytics services for existing customers, and IoT services to other sectors such as cannabis and housing. Development work currently being conducted by Visionstate with its distributor will earn the Company revenue and also provide important experience in developing IoT sensor solutions from engineering prototypes to back end analytics and reporting.

Visionstate Corp. continues to be cognizant of operating capital required to keep the company growing and financially sound. The Company may consider an equity financing in the future however it will also take into consideration dilution in any upcoming financings.

Portfolio Company updates

Exceed Solar Inc.

Visionstate Corp. holds a \$200,000 debenture with Exceed Solar which can be convertible to 20% equity in the company. Visionstate's investment into Exceed Solar was driven by a commitment to investing in sustainable technologies and also to provide a platform for Visionstate IoT to move toward IoT solutions for residential homes and other such applications.

Exceed Solar is dedicated to disrupting conventional home building by introducing scalable, flat packed solutions using cutting edge technology in sustainability, which includes the building envelope itself. The Company sold its first Sol Studio in July 2019, a 10 by 12 backyard Sol Space used for extra office space, studios, entertainment centres, kids' play area, indoor growing or powering existing backyard appliances. The Sol Studio is a popular product based on the fact it increases property values and can be used as a tax deduction for home-based businesses.

Freedom Cannabis

Since receiving its license to produce in March 2019, Freedom Cannabis has been working toward harvesting their first crop. The Company owns approximately 460,000 shares of Freedom Cannabis, purchased at an opening valuation of .35 per share. The company is currently working on its laboratory operations and expanding its growing capacity. The investment is noted on the Company's September 2018 audited financial statements and has increased in value since the purchase of the shares.