

Management Discussion and Analysis

Period Ended June 30, 2024

Dated: August 29, 2024

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the three and six months ended June 30, 2024, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2023.

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, Kenway Mack Slusarchuk Stewart 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. continues to experience growth in the Canadian market, particularly through its established distributor. The company has achieved significant penetration into educational institutions, especially colleges and universities, where the demand for maintaining clean and safe environments remains critical. A recent endorsement from Queen's University highlighted the effectiveness of Visionstate's WANDA platform in tracking tasks and cleaning protocols, further validating its value in ensuring a sanitary environment for both students and staff. Although the immediate threat of COVID-19 has subsided, the pandemic has underscored the ongoing importance of robust cleaning programs, which WANDA facilitates.

In response to the increasing scale of deployments at larger institutions, Visionstate has made additional investments in its reporting and analytics capabilities. These enhancements are designed to meet the demands of larger customers and ensure that WANDA continues to deliver value as it is rolled out across Canada through the company's distribution partner.

Strategic Focus on AI Integration

In line with its commitment to innovation, Visionstate Corp. has re-branded its operating division from Next Vision IoT Inc. to Next Vision AI Inc., signalling a deeper focus on artificial intelligence. To spearhead this initiative, Visionstate has partnered with the Alberta Machine Intelligence Institute (Amii), a leading AI development institute based in Edmonton. Together, they have embarked on a 12-month development project aimed at integrating AI into the WANDA platform.

The project has identified schedule and route optimization as key areas where AI can significantly enhance the functionality of WANDA. By leveraging AI, the company will enable facility management companies to intelligently plot optimal cleaning and maintenance routes, while also creating AI-driven schedules for front line workers. This integration will not only improve the efficiency of operations but also reinforce Visionstate's position as a technology leader in its sector.

Expansion into the US Market

With the Canadian sales, marketing, and distribution efforts firmly managed by its partner, Visionstate IoT Inc., the developed of the WANDA platform and wholly owned by Visionstate Corp., is now turning its focus to expanding its footprint in the US market. The US represents a significant growth opportunity, given its size and the presence of Visionstate's largest customer, the world's largest private equity real estate company.

To capitalize on this potential, the company is investing in sales and marketing resources dedicated to the US. As part of its strategy, Visionstate will participate in the ISSA Cleaning Show in Las Vegas from November 19-24, where it plans to seek new partners for distribution across the US and other markets.

The company is well-positioned for this expansion, having built scalability into its software and established a framework for on boarding new partners. For direct sales in the US, Visionstate will retain all revenue from license fees, except where distributors are involved. Additionally, the company is implementing direct marketing and digital lead generation campaigns to drive sales leads.

Sol Spaces Inc. – A Visionstate Corp. Portfolio Company

Sol Spaces Inc., a portfolio company of Visionstate Corp., has achieved notable milestones in the current quarter, generating approximately \$150,000 in revenue. This revenue is attributed to the sale of residential greenhouses and the development of a community-scale greenhouse for a prominent First Nations community near Edmonton. The community greenhouse project is particularly significant as it is designed to address critical food security challenges in the region.

What sets Sol Spaces' greenhouses apart is their innovative design and technology integration, which allow them to withstand extreme weather events. This focus on resilience makes the greenhouses a valuable solution for communities facing harsh environmental conditions. Building on this success, Sol Spaces plans to commoditize its greenhouse offerings and begin selling them through distributors by 2025.

In addition to its greenhouse initiatives, Sol Spaces is actively working on developing next-generation living spaces. These living spaces are designed to be both energy-efficient and affordable, leveraging new building techniques and cutting-edge technology. The company's commitment to innovation in both greenhouse and living space design positions it as a key player in the market for sustainable and resilient infrastructure.

Visionstate Corp. Owns approximately 40% of Sol Spaces Inc. through convertible debentures.

Financial Performance and Outlook

Q3 is historically a slower quarter for Visionstate IoT Inc. due to seasonal factors. However, the company anticipates a strong ramp-up in Q4 as it secures new contracts with large Canadian colleges and universities. These clients will contribute valuable recurring revenue to Visionstate's Software-as-a-Service (SaaS) model, helping to further build its residual income streams. The Company also anticipates additional fees associated with the development of the auditing feature for WANDA which will contribute to monthly revenue.

The company's management remains committed to achieving profitability and has made significant progress toward this goal over the past year. Visionstate's software margins remain robust, exceeding 70%, and the company continues to exercise diligent cost control. Visionstate IoT has a proven software platform that is now endorsed by large facilities

Overall Performance

During the fiscal year 2023, Visionstate Corp. strategically focused on strengthening its collaboration with global distribution partner, Bunzl, while simultaneously extending the impact of its Wanda facility management technology. This partnership has significantly expanded the WANDA product's footprint,

leveraging Bunzl's extensive global presence. As a result, Visionstate has solidified its position among key players in the facility management industry and continued its development of intelligent devices. Sales stemming from this successful partnership have been on the rise, and this trend is expected to persist into fiscal 2024 as Bunzl continues to drive sales growth worldwide.

Moreover, during the fiscal year 2023 and into fiscal year 2024, the company intensified its commitment to Artificial Intelligence (AI) integration. Specifically, Visionstate is harnessing AI capabilities to enhance Wanda's performance, particularly in resource allocation and schedule optimization. Additionally, Visionstate has been successfully deploying larger and larger installations, scaling its product to meet the demands of an expanding market.

Looking ahead to 2024, Visionstate's primary focus is on customer acquisition, a crucial metric for success in the software-as-a-service (SaaS) business model. This effort is being driven not only in the United States and Canada but also globally. Visionstate continues to invest in enhancing its facility management software, enabling quick deployments and ensuring customer satisfaction. Management is now focused on expanding into the US market and will be attending tradeshows in the US market commencing November 2024.

During the three months ended June 30, 2024, selling, general and administrative expenses decreased from \$191,611 to 128,930 for the three months and for the nine months ended June 30, 2024, and decreased from \$341,588 to \$290,822, for nine months June 30, 2023 to June 30, 2024.

Gross revenues for the three month quarter ending June 30, 2024 increased by \$28,238 from \$59,690 to \$87,9028 and nine months increased by \$232,386 from \$240,194 to \$472,580 from the previous year because of increased sales volumes as well as the renewal of most of the prior year facility licenses. In the fiscal year 2024 the Company continued to focus on advancing the capability of its Wanda product in order to further expand the product's reach in the marketplace and this has paid off through the farming of existing customers as well as expansion into new locations.

The gross margin percentage was 83.5% for the three months and 76.5% for the nine months in the current period as compared to 62.5% for the three months and 58% for the nine months in the previous fiscal year 22/23, which is mainly the result of deducting the commission Bunzl receives under the terms of the distribution agreement which is around 30%; the difference in cost is due to any customization or service revenue which is not subject to the 30% commission.

Revenues are driven primarily by the sale of the Company's IoT products and sustained from recurring licensing and software support fees, thus as the number of sales increase, so proportionally does the revenue as well as recurring license revenue from existing sales.

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.

	2021	2022	2023
Total Revenue	\$ 540,637	\$ 410,536	\$ 289,242
Net Loss	\$ (1,031,589)	\$ (621,127)	\$ (1,727,673)
Basic and Diluted Net Loss per Common Share	\$ (0.01)	\$ (0.01)	\$ (0.01)
Total Assets	\$ 1,485,243	\$ 976,751	\$ 386,624
Total Long Term Financial Liabilities	\$ 50,379	\$ 116,965	\$ 46,767

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 three and nine months ended June 30, 2024 were \$87,892 for the three months and \$472,580 for the nine months in the current year fiscal period compared to \$59,690 and \$240,194 for the previous fiscal three and nine month period in 2022. The increase in revenue from the previous year was mainly a result of the market growth of the Company’s Wanda facility management software as well as an increase in the Bunzl monthly distribution fee under the terms of the new agreement negotiated in October of 2023. Additionally, the Company is expanding its sales efforts into other global markets. In the fiscal year ended September 2023, Management focused on expanding its global reach with the intent that sales from that effort will pay off in the following fiscal years.

The gross margin for the three and nine month June 30 2024 periods in the current fiscal year were \$73,377 for the three months and \$361,694 for the nine months and the previous fiscal year, \$37,301 for the three month period and \$139,442 for the nine month period. The gross margin percentage grew in the current fiscal year for the period noted at an average of 20 to 30% of growth. Management believes that having offloaded the sales effort costs 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 ended June 30, 2024 were \$128,930 for the three months and \$290,822 for the nine months compared to \$191,611 in the three months and \$341,588 in the nine months in the previous fiscal year, 2023.

These costs include research and development expenses, as well as marketing and sales expenses, public company costs including AGM costs, investor relations and market making activity costs, accounting and legal fees, and general office expenses. Salaries remained relatively stable with both 2023 and 2024 periods remaining comparable.

Selling, general and administrative expenses fluctuate based on how much the company invests in marketing and investor relations as those are the two line items that are subject to change. Other line items are relatively stable with costs remaining comparable year after year.

Summary of Quarterly Results

Description	Apr 24 - Jun 24	Jan 24 – Mar 24	Oct 23 – Dec 23	Jul 23 – Sep 23	Apr 23 – Jun 23	Jan 23 – Mar 23	Oct 22 – Dec 22	Jul 22 – Sep 22
Total Revenue	87,928	190,300	195,352	49,048	59,690	93,322	87,182	45,333
Net Profit (Loss)	(194,193)	(61,271)	(79,617)	(1,185,609)	(292,857)	(138,716)	(110,492)	(185,026)
Basic and Diluted Net Loss Per Common Share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)

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. In the final quarter the Company recorded a loss on its investments for fair value adjustment of investment and impairment loss. The Company also deferred revenue it had recorded in prior quarters to allow for portions of a

development contract that were not completed as at year end. Revenue will be recorded in the new fiscal year once the project is completed.

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 facility 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 quarter end, the Company had a working capital deficiency of \$150,168 (2023- \$366,012) 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 however continues to develop and deploy its products and establish strategic reseller and other relationships and expand its global penetration and is currently in discussions with its partner for a new product the Company is developing that is strategic to mass market penetration.

Related Party Transactions

The Company paid management and accounting fees for the three months ended June 30, 2024 in the amount of \$39,999 and nine months ended June 30, 2024 in the amount of \$111,597 (June 30, 2023 - \$39,999 for the 3 months and \$111,597 for the nine months period) to two officers of the Company which is included in selling, general and administrative expenses. -

Share Data

Shares Outstanding: 216,126,335 common shares as at August 29, 2024.

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at August 29, 2024.

Common Share Purchase Warrants Outstanding: 88,685,000 as at August 29, 2024.

Adoption of new accounting standards

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Company has applied the amendments from the effective date.

Financial Instruments

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

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

Financial statement item	Original Classification (Measurement) IAS 39	New Classification and measurement
Cash and bank indebtedness	Fair Value through profit and loss (fair value)	Amortized cost
Accounts receivable	Loans and receivables (amortized costs)	Amortized cost
Investment	Fair Value through profit and loss (fair value)	FVTPL
Equity Investments	Fair Value through Other Comprehensive Income	FVTOCI
Conversion feature of convertible debenture receivable	Fair Value through profit and loss (fair value)	N/A
Accounts payable and accrued liabilities	Other financial liabilities measured at amortized cost	Amortized cost

Convertible debentures	Other financial liabilities measured at amortized cost	Amortized cost
Advances from related parties	Other financial liabilities measured at amortized cost	Amortized cost
Promissory note payable	Other financial liabilities measured at amortized cost	Amortized cost
Long Term Debt	Other financial liabilities measured at amortized cost	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 advances from related parties, convertible debentures, long term debt 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.

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) inactive markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

The investment in a private company is measured based on recent share issuances which is a level 2 fair value measurement.

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 asset is \$88,626 at June 30, 2024 (2023 - \$13,767). 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 and historical trends for collection of past due accounts. At June 30, 2024, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	June 30, 2024	June 30, 2023
Current	\$ 12,908	\$ 33,192
31 – 90 days	496	32,761
91+ days	75,222	62,859
Total	\$ 88,626	\$ 128,812

Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus is a higher risk to the business in the event of a default by one of these customers. Approximately 95% (2023 - 92%) of the Company's accounts receivable are due from one (2023 - one) company. The Company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring overdue balances.

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 debentures are due on demand. The Company is currently negotiating with the debenture holders to extend the terms or convert their debentures to shares. The Company is actively working towards increasing marketing activities to improve sales of its software to meet future working capital requirements, but it may have to seek additional debt or equity financing.

At June 30, 2024, the Company had accounts receivable of \$88,626 and cash of 158,141 (2023 - \$128,812 of accounts receivable and cash of \$72,267) with which to meet its obligations. At June 30, 2024 the Company had a negative working capital of \$150,168 (2023 – negative \$366,012).

The contractual maturity of the Company's liabilities of \$626,301 at June 30, 2024 (June 30, 2023 - \$612,479) is due within twelve months.

Interest Rate Risk

Interest rate risk is the risk that the fair value or 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 \$2,666,581 (June 30, 2023 - \$2,666,581) share capital of \$11,659,291 (June 30, 2023 - \$11,015,867), warrant reserve of \$926,361 (June 30, 2023 - \$1,233,795), advances from related parties of \$NIL (June 30, 2023 – \$125,500) and convertible debentures of \$100,000 (June 30, 2023 – \$100,000) 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 continues to receive new inquiries from the Canadian, US and European marketplaces, including hospitals, universities, airports and shopping centers, in its applications. As well, the Company has successfully entered into reseller agreements with the leading suppliers of facility management solutions which management feels will assist the Company to expand its market reach more expeditiously without necessitating investment in a sales force. 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, 2023.

Future Plans and Outlook

Subsequent to Q3, Visionstate Corp. successfully closed a \$500,000 financing, ensuring adequate working capital to continue its growth trajectory. The funds will be allocated to key areas including US sales and marketing, AI technology development, and general working capital. The company remains focused on running as efficiently as possible while expanding its subscriber base and developing new technology.

The Company anticipates growth will come from other markets outside Canada as sales and marketing are focused on these areas. Participation at the 2024 ISSA conference in Las Vegas in November will represent a significant launch point for these efforts in the US and beyond as the conference is international and one of the largest of its kind.

In the coming months, Visionstate IoT Inc. Will also be working on creating new inspection and auditing technology for a major customer. Given the importance of these functions in facility management,

Visionstate anticipates launching a standalone auditing application within the next 12 months, further expanding its product offerings.

Impact of COVID-19

COVID-19 has not significantly impacted Visionstate operations. Development staff have worked remotely since restrictions were first introduced and this has not impacted operations negatively. Although the Company has experienced delays in product delivery, specifically Wanda tablets, Visionstate IoT Inc. has pivoted toward WandaMOBILE sales which requires no additional hardware to activate. As such supply chain interruptions resulting from the pandemic have not affected the Company.

In 2024 the Company will continue to emphasize the importance of its Wanda technology in the front-line battle against COVID-19 and its variants.