

**THIRD QUARTER REPORT  
For the Period Ended June 30, 2024**

**Notice of No Auditor Review of the  
Interim Condensed Consolidated Financial Statements**

The accompanying unaudited interim condensed consolidated financial statements of Visionstate Corp. for the year to date ended June 30, 2024 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company's external auditors have not reviewed these statements.

August 29, 2024

*"Signed"*

John Putters

President and Chief Executive Officer

*"Signed"*

Randa Kachkar

Chief Financial Officer

# VISIONSTATE CORP.

Company web site:  
[www.visionstate.com](http://www.visionstate.com)

**Shares Listed**  
 TSX Venture Exchange  
 Trading symbol: VIS

**Officers and Directors:**

John A. Putters  
 Jim Duke  
 Belinda Davidson

**Transfer Agent:**

Computershare  
 Suite 800, 324 - 8 Ave. SW  
 Calgary, Alberta  
 Canada T2P 2Z2

**Share Capital**

Issued: 216,126,335 Common Shares

## Interim Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended June 30, 2024

(Unaudited)	3 months Jun 30/24 \$	3 months June 30, 23 \$	9 months Jun 30, 24 \$	9 months Jun 30, 23 \$
Revenue				
Development Contracts	6,723	42,800	108,075	117,664
Technical support and service contracts	60,000	5,032	147,713	103,202
Product sales	21,205	11,858	216,792	19,328
Cost of Sales	14,551	22,389	110,886	100,752
Gross Profit	73,377	37,301	361,694	139,442
Expenses				
Selling, general and administrative expenses	128,930	191,611	290,822	341,588
Salaries	130,601	128,399	380,983	364,985
Depreciation of right of use asset	4,008	4,008	12,024	12,024
Interest on convertible debenture	2,082	2,082	4,101	6,449
Other Interest	1,909	4,058	2,949	10,121
	267,530	330,158	688,860	782,259
Net income (loss) and comprehensive income (loss)	(194,153)	(292,857)	(327,166)	(542,065)
Weighted average number of shares outstanding	# 200,641,335	# 146,126,335	# 200,641,335	# 122,657,881
Basic and diluted net income (loss) per common share (Note 14)	\$0.00	\$0.00	\$0.00	2 \$0.00

# VISIONSTATE CORP.

## Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

June 30, 2024

	Jun 30/24 Unaudited \$	Sep 30/23 Audited \$
<b>ASSETS</b>		
Current Assets		
Cash	158,141	89,765
Accounts receivable	88,626	13,767
Loans receivable	50,000	22,000
Prepaid expenses	179,366	151,701
<b>TOTAL CURRENT ASSETS</b>	<b>476,133</b>	<b>277,233</b>
DEPOSIT	53,282	53,282
PRODUCT DEVELOPMENT (Note 7)	18,400	-
RIGHT OF USE ASSET (Note 11)	44,085	56,109
<b>TOTAL ASSETS</b>	<b>591,900</b>	<b>386,624</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	272,124	385,700
Promissory note payable	22,692	22,692
Convertible debentures (Note 12)	100,000	100,000
Deferred share issuance	227,500	-
Deferred revenue	-	11,986
Current portion of lease obligation	3,985	15,281
Current portion of long term, debt	-	58,846
<b>TOTAL CURRENT LIABILITIES</b>	<b>626,301</b>	<b>594,505</b>
LEASE OBLIGATION (Note 11)	<b>50,751</b>	46,767
<b>TOTAL LIABILITIES</b>	<b>677,052</b>	<b>641,272</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 14)	11,659,291	11,104,725
Warrant Reserve (Note 14)	926,361	1,644,937
Contributed Surplus	3,327,253	2,666,581
Deficit	(15,998,057)	(15,670,891)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>(85,152)</b>	<b>(254,648)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>591,900</b>	<b>386,624</b>

# VISIONSTATE CORP.

## Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

June 30, 2024

	Shares		Warrant Reserve			Contributed Surplus	Deficit	Total
	Number	Amount	Number	Amount	Total			
<b>Balance, October 1, 2023</b>	171,126,335	\$ 11,104,725	109,283,734	\$ 1,644,937	\$ 12,749,662	\$ 2,666,581	\$(15,670,891)	\$ (254,648)
Private Placement (February 21, 2024)	20,000,000	375,684	20,000,000	24,316	400,000	-	-	400,000
Warrants expired	-	-	(41,382,964)	(622,895)	(622,895)	-	-	(622,895)
Private Placement (June 28, 2024)	9,515,000	178,882	9,515,000	11,418	190,300	-	-	190,300
Warrants expired	-	-	(8,730,770)	(131,415)	(131,415)	-	-	(131,415)
Contributed surplus	-	-	-	-	-	660,672	-	660,672
Net loss	-	-	-	-	-	-	(327,166)	(327,166)
<b>Balance, June 30, 2024</b>	<b><u>200,641,335</u></b>	<b><u>\$ 11,659,291</u></b>	<b><u>88,685,000</u></b>	<b><u>\$ 926,361</u></b>	<b><u>\$ 12,585,652</u></b>	<b><u>\$ 3,327,253</u></b>	<b><u>\$(15,998,057)</u></b>	<b><u>\$ (85,152)</u></b>

	Shares		Warrant Reserve			Contributed Surplus	Deficit	Total
	Number	Amount	Number	Amount	Total			
<b>Balance, October 1, 2022</b>	110,306,335	\$ 10,366,430	48,463,734	\$ 1,166,832	\$ 11,533,262	\$ 2,666,581	\$(13,943,218)	\$ 256,625
Private Placement (December 7, 2022)	10,045,000	187,842	10,045,000	13,058	200,900	-	-	200,900
Private Placement (March 6, 2023)	2,800,000	52,640	2,800,000	3,360	56,000	-	-	56,000
Net loss	-	-	-	-	-	-	(249,208)	(249,208)
<b>Balance, June 30, 2023</b>	<b><u>123,151,335</u></b>	<b><u>\$ 10,606,912</u></b>	<b><u>61,308,734</u></b>	<b><u>\$ 1,183,250</u></b>	<b><u>\$ 11,790,162</u></b>	<b><u>\$ 2,666,581</u></b>	<b><u>\$(14,192,426)</u></b>	<b><u>\$ 264,317</u></b>

See accompanying notes to the consolidated financial statements

# VISIONSTATE CORP.

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

(Unaudited)	9 months ending	
	Jun 30, 2024	Jun 30, 2023
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	(327,166)	(542,065)
Items not affecting cash		
Depreciation of right-of-use asset	12,024	12,024
	(315,142)	(530,041)
Changes in non-cash working capital items		
Accounts receivable	(74,859)	(109,695)
Prepaid expense	(11,665)	(35,750)
Deferred revenue	(1,154)	-
Accounts payable and accrued liabilities	(197,874)	29,021
Net cash flows from operating activities	<b>(600,694)</b>	<b>(646,465)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Product development	(18,400)	-
Investment	(50,000)	-
Net cash flows from investing activities	<b>(68,400)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred share issuance	227,500	-
Loans In	-	125,500
Repayments on lease obligations	(10,832)	(12,024)
Share issuance through private placement	537,300	716,400
Net cash flows from financing activities	<b>753,968</b>	<b>829,876</b>
<b>Increase/Decrease in cash</b>	<b>84,874</b>	<b>(183,411)</b>
<b>Cash (bank indebtedness) - beginning of period</b>	<b>72,267</b>	<b>255,678</b>
<b>Cash (bank indebtedness) - end of period</b>	<b>158,141</b>	<b>72,267</b>

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 1

#### Going Concern

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These interim condensed consolidated financial statements have been prepared in accordance with 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. There are several adverse conditions that cast significant doubt on the validity of this assumption. Visionstate Corp. (the "Company" or "Visionstate") has been unable to generate a profit from operations up to June 30, 2024. The Company's current credit facilities are not sufficient to fund working capital, convertible debenture repayment, and other cash requirements for future years. The Company's ability to continue as a going concern is dependent on accessing additional funding.

As at June 30, 2024, the Company posted a net loss of \$327,166 and an accumulated deficit of \$15,998,057.

These interim condensed consolidated financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate.

### Note 2

#### General

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The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol VIS-V.

The head office and principal address are located at 8634 - 53 Avenue, Edmonton, Alberta, Canada, T6E 5G2.

The Company provides interactive electronic business solutions in the form of touchscreen and mobile way finding and efficiency applications, as well as consulting, graphic and web design and related services and support.

The main focus of the Company is its Visionstate lot Inc. division. This division is focused on building interactive smart applications into digital display networks that incorporate proprietary facility management software, bundled into a touchscreen computer with integrated computing capacity (WAnDA units) and digital efficiency products. Visionstate is actively marketing these products to large customers such as shopping centres, hospitals, office buildings, airports and other places that require efficiency applications, in several different target areas.

These interim condensed consolidated financial statements were approved by the Board of Directors on August 29, 2024.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 3

#### Basis of Presentation

##### **Statement of Compliance**

These interim condensed consolidated financial statements have been prepared in accordance and compliance with International Accounting Standard 34 ("IAS 34") as issued by the Institutional Accounting Standards Board. Accordingly, certain financial information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The disclosure herein is incremental to the disclosure included in the annual consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended September 30, 2023.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of June 30, 2024.

##### **Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

##### **Functional Currency**

The consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

##### **Use of Estimates and Judgements**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

##### Investment

The fair value of the investment carried at fair value is subject to management estimates used in the valuation model to determine fair value.

##### Convertible debentures

The allocation of convertible debentures between its liability and equity components is based on market interest rates available to the Company on non-convertible, unsecured debt instruments with similar terms. The determination of market interest rates is based on management's best estimate.

##### Income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Company utilizing certain assets. To the

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 3

Basis of Presentation  
Continued...

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extent assumptions regarding future probability change, there can be a change in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

#### Financial Instruments

The Company estimates and discloses the fair value of financial instruments. When fair value cannot be derived from an active market, it is determined using valuation techniques, namely the discounted cash flow method. If possible data is derived from observable markets and, if not, judgment is required to determine fair value.

#### Right-of-use assets

Right-of use assets are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the year. When there are indicators that right-of-use assets may be impaired, the Company is required to the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

#### Canada Emergency Business Account ("CEBA") Loan

When determining the discount rate used to estimate the fair value of the CEBA loan, the Company considers market conditions and other internal and external factors. The Company also estimates its credit rating and benchmarks the discount rate to certain fixed indices.

#### Warrant Reserve

The amounts recorded for the warrant-reserve is based on assumptions used in the Black-Scholes option pricing model. The assumptions for future volatility, market price of the Company's shares, expected lives of the options, expected forfeiture rates, and expected dividends is based on management's best estimate at the time the options are issued.

#### Going Concern

The assessment of the Company's ability to continue as a going concern through achieving profitable operations, continued financial support from related parties or accessing additional funding involves judgment based on historical experience and expectation of future events.

These unaudited condensed consolidated interim financial statements follow the same accounting policies as outlined in the audited financial statements for the year ended September 30, 2023

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 4

#### Loan Receivable

During fiscal 2024, the Company advanced a loan of \$50,000 to Sol Spaces Inc. (Formerly Exceed Solar Inc,) to advance its sales efforts.

### Note 5

#### Deposits

Amount includes a deposit of \$50,000 (2023 - \$nil) paid for the development of wireless sensors.

### Note 6

#### Property and Equipment

	<b>Cost</b>						<b>Balance at June 30, 2024</b>
	Balance at June 30, 2022	Additions	Disposals	Balance at June 31, 2023	Additions	Disposals	
	Vehicle	\$ 51,550	\$ -	\$ -	\$ 51,550	\$ -	
Computer equipment	109,279	-	-	109,279	-	-	109,279
Furniture and fixtures	20,412	-	-	20,412	-	-	20,412
	<u>\$ 181,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,241</u>

	<b>Accumulated Depreciation and Impairment</b>						<b>Balance at June 30, 2024</b>
	Balance at June 30, 2022	Depreciation	Disposals & Impairments	Balance at June 30, 2023	Depreciation	Disposals & Impairments	
	Vehicle	\$ 51,550	\$ -	\$ -	\$ 51,550	\$ -	
Computer equipment	109,279	-	-	109,279	-	-	109,279
Furniture and fixtures	20,412	-	-	20,412	-	-	20,412
	<u>\$ 181,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,241</u>

Depreciation provided during the three and six months ended June 30, 2024 totaled \$Nil (June 30, 2023 - \$Nil) for both three and nine month periods

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### **Note 7** Product Development Costs

	<b>Cost</b>			<b>Balance at June 30, 2024</b>
	<b>Balance at September 30, 2023</b>	<b>Additions</b>	<b>Disposals</b>	
ViCCi 2.0	\$ -	\$ 18,400	\$ -	<b>\$ 18,400</b>
	<u>\$ -</u>	<u>\$ 18,400</u>	<u>\$ -</u>	<u><b>\$ 18,400</b></u>

	<b>Accumulated Depreciation</b>			<b>Balance at June 30, 2024</b>
	<b>Balance at September 30, 2023</b>	<b>Depreciation</b>	<b>Disposals</b>	
ViCCi 2.0	\$ -	\$ -	\$ -	<b>\$ -</b>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u><b>\$ -</b></u>

	<b>Net Book Value</b>	
	<b>Balance at September 30, 2023</b>	<b>Balance at June 30, 2024</b>
ViCCi 2.0	-	<b>\$ 18,400</b>
	<u>-</u>	<u><b>\$ 18,400</b></u>

Depreciation provided during the quarter ended June 30, 2024 totaled \$Nil (June 30, 2023 - \$Nil)

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 8

#### Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	<b>June 30, 2024</b>	September 30, 2023
Trade payables	\$ 40,669	\$ 135,806
Accrued liabilities	216,394	195,971
Accrued payroll	9,768	44,342
Goods and Services Tax Payable	5,293	9,581
	<b>\$ 272,124</b>	<b>\$ 385,700</b>

### Note 9

#### Advances from Related Parties

	<b>June 30, 2024</b>	September 30, 2023
Due to a company owned by an officer, unsecured, interest payable monthly at 10% per annum and without specified terms of repayment	-	-
	<b>\$ -</b>	<b>\$ -</b>

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

Included in trade payables are the following related party balances:

	<b>June 30, 2024</b>	September 30, 2023
Due to directors	\$ 1,000	\$ 60,500
Due to former directors	-	-
Due to officers	4,720	4,720
Due to companies controlled by directors	-	9,742
	<b>\$ 5,720</b>	<b>\$ 74,962</b>

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 10 Promissory Notes Payable

	June 30, 2024	September 30, 2023
Promissory note payable is unsecured, interest payable at 6% per annum, with full amount and accrued interest due on demand	\$ 22,692	\$ 22,692
	<b>\$ 22,692</b>	<b>\$ 22,692</b>

### Note 11 Lease Obligation and Right-of-Use-Asset

Right-of-use asset	Cost	Accumulated Depreciation	June 30, 2024	September 30, 2023
	\$ 80,156	\$ 12,024	\$ 44,085	\$56,109

### Note 12 Convertible Debentures

	Liability	Equity
Balance, September 30, 2020	\$ 165,489	\$ -
Accretion	-	-
Repayment	(65,489)	-
<b>Balance, September 30, 2021</b>	<b>\$ 100,000</b>	<b>\$ -</b>
Accretion	-	-
Repayment	-	-
<b>Balance, September 30, 2022</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Accretion</b>	<b>-</b>	<b>-</b>
<b>Repayment</b>	<b>-</b>	<b>-</b>
<b>Balance, September 2023</b>	<b>\$ 100,000</b>	<b>-</b>
<b>Accretion</b>	<b>-</b>	<b>-</b>
<b>Repayment</b>	<b>-</b>	<b>-</b>
<b>Balance March 31, 2024</b>	<b>\$ 100,000</b>	<b>-</b>
<b>Accretion</b>	<b>-</b>	<b>-</b>
<b>Repayment</b>	<b>-</b>	<b>-</b>
<b>Balance June 30, 2024</b>	<b>\$ 100,000</b>	<b>-</b>

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 13 Share Capital

#### Authorized Share Capital:

Unlimited number of common, voting shares and unlimited number of preferred shares

#### Stock options outstanding and stock based compensation:

The Company has not registered a stock option plan presently.

#### Warrants outstanding:

A summary of the warrants outstanding as at June 30, 2024 and September 30, 2023 is presented below:

	June 30, 2024		September 30, 2023	
	Warrants	Weighted Average Exercise price	Warrants	Weighted Average Exercise price
Warrants outstanding, beginning of year	109,283,734	\$ 0.06	48,463,734	\$ 0.07
Issued	29,515,000	0.05	60,820,000	0.05
Exercised	-	-	-	-
Expired	(50,113,734)	0.07	-	-
Total Warrants	88,685,000	0.06	109,283,734	0.06

### Note 14 Net Loss per Common Share

Basic net income per common share is determined by dividing net income available to common shareholders as reported in the Consolidated Statements of Net Income (Loss), Comprehensive Loss and Deficit by the weighted average number of common shares outstanding for the period.

	June 30, 2024	June 30, 2023
Net Income (Loss)	\$ (327,166)	\$ (542,065)
Weighted average number of common shares outstanding	200,641,335	122,657,881
Basic net income (loss) per common share	\$ 0.00	\$ 0.00

The effect of all outstanding stock options and warrants were excluded from the diluted net loss per common share calculation as the results would be anti-dilutive.

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 15

#### Related Party Transactions

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Key management of the Company includes the Chief Executive Officer and Chief Financial Officer. Remuneration paid to them during the period is as follows:

The Company paid management and accounting fees for the quarter 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.

### Note 16

#### Financial Instruments

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##### Financial Instruments

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

##### 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.

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) in active 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.

As at June 30, 2024 the Company had an investment which is measured at fair value Level 2.

##### 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. In the normal course of business, the Company evaluates the financial condition of its customers on a continuing

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### **Note 16** Financial Instruments Continued...

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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. No accounts receivable at June 30, 2024 are impaired.

The aging of accounts receivable is as follows:

	<b>June 30, 2024</b>	<b>September 30, 2023</b>
Current	\$ 12,908	\$ 3,763
31-90 days	496	3,626
91+ days	75,222	6,378
	<b>\$ 88,626</b>	<b>\$ 34,071</b>

#### **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 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 cash in the amount of \$158,141 and accounts receivable of \$88,626 with which to meet its obligations. At June 30, 2024 the Company had a working capital deficit of \$34,401.

The contractual maturity of the Company's liabilities of \$626,301 at June 30, 2024 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.

#### **Market Risk**

Market risk is the risk that the fair value or the future cash flows of financial instruments will fluctuate due to changes in interest rates. Market risk arises as a result of the Company generating revenues through leases. The Company has not entered into any transactions to hedge this risk.

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2024 (Unaudited)

### Note 17

#### Capital Disclosures

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 capital structure consisted of the following:

	<u>June 30, 2024</u>	<u>September 30, 2023</u>
Advances from related parties	\$ -	\$ -
Convertible debentures	100,000	100,000
Contributed surplus	2,666,581	2,666,581
Share capital	11,659,291	11,104,725
Warrant reserve	926,361	1,644,937
Deficit	(15,998,057)	(15,670,891)
	<u>\$ (645,824)</u>	<u>\$ (154,648)</u>

The Company plans to focus on higher gross margin revenue streams in order to generate more positive cash flows by moving toward products that can be mass deployed off the shelf and less custom work. 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 financing from related parties.

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

### Note 18

#### Subsequent Events

On March 4, 2024, the Company announced that, subject to regulatory approval, it intends to complete an offering of up to 25,000,000 units of the Company ("Units") at a price of \$0.02 per Unit for gross proceeds of up to \$500,000. Each Unit is comprised of one (1) common share of the Company ("Common Share") and one (1) Common Share purchase warrant ("Warrant") whereby each Warrant entitles the holder to purchase one (1) additional Common Share at a price of \$0.05 per Common Share for a period of two (2) years following the date of closing.

As at June 30, 2024, \$227,500 had been received from individuals in advance of the closing of the second tranche. They are recognized as deferred share issuance.