



**RESOLUTION IN WRITING OF THE DIRECTORS OF VISIONSTATE CORP.  
(THE "CORPORATION") DATED EFFECTIVE August 29, 2025**

**APPROVAL OF QUARTERLY FINANCIAL STATEMENTS FOR Q3, FISCAL 2025**

**BE IT RESOLVED THAT:**

1. The quarterly financial statements of the Corporation for the period ending June 30, 2025, including the Balance Sheets, Statements of Operations and Deficit, Statements of Cash Flows and the Notes thereto, substantially in the form which have been provided to the directors of the Corporation (the "**Financial Statements**") and which Financial Statements have been recommended by the Audit Committee of the Board of Directors, be and the same are hereby approved and adopted.
2. Any director or officer is authorized to approve reasonable amendments to the Financial Statements, and to do all things necessary to implement this resolution.
3. If required, any two directors of the Corporation are hereby authorized to execute the balance sheet of such Financial Statements on behalf of the Board of Directors to signify such approval.
4. Any director or officer of the Corporation be and is hereby authorized and directed to file the Financial Statements with the proper regulatory authorities and submit copies of the Financial Statements to each.
5. The Chief Executive Officer and Chief Financial Officer of the Corporation are hereby authorized and directed to execute and file with the proper regulatory authorities a certificate in the form prescribed by Multilateral Instrument 52-109.

**APPROVAL OF MANAGEMENT'S DISCUSSION & ANALYSIS**

**BE IT RESOLVED THAT:**

6. The management's discussion & analysis for the period ending June 30, 2025, substantially in the form which has been provided to the directors of the Corporation (the "**MD&A**"), and which MD&A has been recommended by the Audit Committee of the Board of Directors, be and the same are hereby approved and adopted.
7. Any director or officer is authorized to approve reasonable amendments to the MD&A, and to do all things necessary to implement this resolution.
8. Any director or officer of the Corporation be and is hereby authorized and directed to file the MD&A with the proper regulatory authorities and submit copies of the MD&A to each.



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**GENERAL**

**BE IT RESOLVED THAT:**

9. Any officer and director of the Corporation be and is hereby authorized to execute all documents and do all other things as may be deemed necessary or desirable in connection with giving effect to this resolution.
10. Any acts taken prior to the effective date of this resolution by any director or officer in connection with this resolution is hereby approved, ratified and confirmed.
11. This resolution may be executed in as many counterparts as are necessary and all counterparts together shall constitute the resolution. Facsimile signatures shall and do hereby constitute valid approval of this resolution.

We, the undersigned, being all of the directors of the Corporation, hereby consent to and approve of the passing of the foregoing resolutions, effective as of the day first above written, as evidenced by our signatures hereto.

DocuSigned by:

A handwritten signature in black ink that reads "John".

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**John Putters**

DocuSigned by:

A handwritten signature in black ink that reads "Belinda Davidson".

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**Belinda Davidson**

Signed by:

A handwritten signature in black ink that reads "James Duke".

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**James Duke**

# VISIONSTATE CORP.

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## **THIRD QUARTER REPORT For the Period Ended June 30, 2025**

### **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, 2025 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, 2025

*"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: 258,326,335 Common Shares

## Interim Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended June 30, 2025

(Unaudited)	3 months Jun 30/25 \$	3 months June 30, 24 \$	9 months Jun 30, 25 \$	9 months Jun 30, 24 \$
Revenue				
Development Contracts	375	6,723	129,775	108,07
Technical support and service contracts	60,000	60,000	120,337	147,713
Product sales	9,056	21,205	172,576	216,792
Cost of Sales	21,290	14,551	79,239	110,886
Gross Profit	48,140	73,377	343,449	361,694
Expenses				
Selling, general and administrative expenses	203,152	128,930	413,789	290,822
Salaries	143,542	130,601	423,968	380,983
Depreciation of right of use asset	4,008	4,008	8,016	12,024
Finance Costs	6,545	3,991	11,735	7,050
	357,247	267,530	857,508	688,860
Net income (loss) and comprehensive income (loss)	(309,107)	(194,153)	(514,059)	(327,166)
Weighted average number of shares outstanding	# 249,226,335	# 200,641,335	# 249,226,335	# 200,641,335
Basic and diluted net income (loss) per common share (Note 13)	\$.00	\$.00	\$.00	\$.00

## VISIONSTATE CORP.

**Interim Condensed Consolidated Statement of Financial Position****(Unaudited)**

June 30, 2025

	<b>Jun 30/25</b>	<b>Sep 30/24</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current Assets		
Cash	307,422	89,765
Accounts receivable	65,392	13,767
Loans receivable	50,000	22,000
Prepaid expenses	112,760	151,701
<b>TOTAL CURRENT ASSETS</b>	<b>535,574</b>	<b>277,233</b>
DEPOSIT	53,282	53,282
PRODUCT DEVELOPMENT (Note 7)	70,000	-
RIGHT OF USE ASSET (Note 10)	28,055	56,109
<b>TOTAL ASSETS</b>	<b>686,911</b>	<b>386,624</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	376,462	385,700
Promissory note payable	22,692	22,692
Convertible debentures (Note 11)	100,000	100,000
Deferred revenue	-	11,986
Current portion of lease obligation	4,433	15,281
Current portion of long term, debt	-	58,846
<b>TOTAL CURRENT LIABILITIES</b>	<b>503,587</b>	<b>594,505</b>
LEASE OBLIGATION (Note 10j)	32,632	46,767
<b>TOTAL LIABILITIES</b>	<b>536,219</b>	<b>641,272</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	12,241,850	11,104,725
Warrant Reserve (Note 12)	1,193,540	1,644,937
Contributed Surplus	3,833,411	2,666,581
Deficit	(17,118,109)	(15,670,891)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>150,692</b>	<b>(254,648)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>686,911</b>	<b>386,624</b>

# VISIONSTATE CORP.

## Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

June 30, 2025

	Shares		Warrant Reserve		Contributed Surplus		Deficit		Total
	Number	Amount	Number	Amount	Total	Surplus	Deficit	Total	
<b>Balance, October 1, 2024</b>	240,126,335	\$ 11,933,087	129,820,000	\$ 1,146,495	\$ 13,079,582	\$ 3,833,411	\$(16,604,050)	\$ 308,943	
Warrants expired	-	-	(10,045,000)	(80,712)	(80,712)	-	-	(80,712)	
Private Placement (March 18, 2025)	18,200,000	308,763	18,200,000	146,237	455,000	-	-	455,000	
Warrants expired	-	-	(2,300,000)	(18,480)	(18,480)	-	-	(18,480)	
Net loss	-	-	-	-	-	-	(514,059)	(514,059)	
<b>Balance, June 30, 2025</b>	<b>258,326,335</b>	<b>\$ 12,241,850</b>	<b>135,675,000</b>	<b>\$ 1,193,540</b>	<b>\$ 13,435,390</b>	<b>\$ 3,833,411</b>	<b>\$(17,118,109)</b>	<b>\$ 150,692</b>	
	Shares		Warrant Reserve		Contributed Surplus		Deficit		Total
	Number	Amount	Number	Amount	Total	Surplus	Deficit	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>200,641,335</b>	<b>\$ 11,659,291</b>	<b>88,685,000</b>	<b>\$ 926,361</b>	<b>\$ 12,585,652</b>	<b>\$ 3,327,253</b>	<b>\$(15,998,057)</b>	<b>\$ (85,152)</b>	

See accompanying notes to the consolidated financial statements

## VISIONSTATE CORP.

**Interim Condensed Consolidated Statement of Cash Flows**

For the nine months ended June 30, 2025

(Unaudited)	9 months ending	
	Jun 30, 2025	Jun 30, 2024
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	(514,059)	(327,166)
Items not affecting cash		
Depreciation of right-of-use asset	8,016	12,024
	(506,043)	(315,142)
Changes in non-cash working capital items		
Accounts receivable	(51,625)	(74,859)
Prepaid expense	29,218	(11,665)
Deferred revenue	(11,986)	(1,154)
Current portion of lease obligation	(10,848)	-
Accounts payable and accrued liabilities	(9,238)	(197,874)
Net cash flows from operating activities	(560,522)	(600,694)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Product development	(70,000)	(18,400)
Investment	(28,000)	(50,000)
Net cash flows from investing activities	(98,000)	(68,400)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred share issuance	-	227,500
Repayments on lease obligations	(14,135)	(10,832)
Share issuance through private placement	455,000	537,300
Net cash flows from financing activities	440,865	753,968
<b>Increase/Decrease in cash</b>	<b>217,657</b>	<b>84,874</b>
<b>Cash (bank indebtedness) - beginning of period</b>	<b>89,765</b>	<b>72,267</b>
<b>Cash (bank indebtedness) - end of period</b>	<b>307,422</b>	<b>158,141</b>

# VISIONSTATE CORP.

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## **Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (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, 2025. 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, 2025, the Company posted a net loss of \$514,059 and an accumulated deficit of \$17,118,109.

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, 2025.

# VISIONSTATE CORP.

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## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (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, 2024.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of June 30, 2025.

##### **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, 2025 (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.

#### 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

### Note 4

#### Loan Receivable

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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

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Amount includes a deposit of \$50,000 (2024 - \$50,000) paid for the development of wireless sensors.

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (Unaudited)

### Note 6 Property and Equipment

	<b>Cost</b>						<b>Balance at June 30, 2025</b>
	Balance at June 30, 2023	Additions	Disposals	Balance at June 31, 2024	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, 2025</b>
	Balance at June 30, 2023	Depreciation	Disposals & Impairments	Balance at June 30, 2024	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

### Note 7 Product Development Costs

	<b>Cost</b>			
	Balance at September 30, 2024	Additions	Disposals	Balance at June 30, 2025
	TIDY LOGIC	\$ -	\$ 70,000	\$ -
	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>

	<b>Accumulated Depreciation</b>			
	Balance at September 30, 2024	Depreciation	Disposals	Balance at June 30, 2025
	TIDY LOGIC	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (Unaudited)

	<u>Net Book Value</u>	
	Balance at September 30, 2024	Balance at June 30, 2025
TIDY LOGIC	-	<u>\$ 70,000</u>
	<u>\$ -</u>	<u>\$ 70,000</u>

Depreciation provided during the quarter ended June 30, 2025 totaled \$Nil (June 30, 2024 - \$Nil)

### Note 8

#### Accounts Payable and Accrued Liabilities

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

	<u>June 30, 2025</u>	September 30, 2024
Trade payables	\$ 119,593	\$ 31,353
Accrued liabilities	237,749	235,645
Accrued payroll	14,116	11,635
Goods and Services Tax Payable	5,004	18,295
	<u>\$ 376,462</u>	<u>\$ 296,926</u>

Included in trade payables are the following related party balances:

	<u>June 30, 2025</u>	September 30, 2024
Due to directors	\$ 30,000	\$ 14,500
Due to officers	33,000	6,745
Due to companies controlled by directors	-	2,042
	<u>\$ 63,000</u>	<u>\$ 23,287</u>

Balances due are owing as a result of stipends payable for current year's service

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (Unaudited)

### Note 9 Promissory Notes Payable

	<b>June 30, 2025</b>	September 30, 2024
Promissory note payable is unsecured, interest payable at 6% per annum, with full amount and accrued interest due on demand	\$ 22,992	\$ 22,992
	<b>\$ 22,992</b>	<b>\$ 22,992</b>

### Note 10 Lease Obligation and Right-of-Use-Asset

Right-of-use asset	Cost	Accumulated Depreciation	June 30, 2025	September 30, 2025
	\$ 46,786	\$ 12,024	\$28,055	\$24,047

### Note 11 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 September, 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, 2025</b>	<b>\$ 100,000</b>	<b>-</b>

# VISIONSTATE CORP.

## Notes to the Interim Condensed Consolidated Financial Statements June 30, 2025 (Unaudited)

### Note 12 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, 2025 and September 30, 2024 is presented below:

	June 30, 2025		September 30, 2024	
	Warrants	Weighted Average Exercise price	Warrants	Weighted Average Exercise price
Warrants outstanding, beginning of year	129,820,000	\$ 0.05	109,283,734	\$ 0.06
Issued	18,200,000	0.05	69,000,000	0.05
Exercised	-	-	-	-
Expired	(12,345,000)	0.05	(48,463,734)	0.07
Total Warrants	135,675,000	0.05	129,820,000	0.05

### Note 13 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, 2025	June 30, 2024
Net Income (Loss)	\$ (514,059)	\$ (327,166)
Weighted average number of common shares outstanding	249,226,335	200,641,335
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, 2025 (Unaudited)

### Note 14

#### 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, 2025 in the amount of \$41,599 and nine months ended June 30, 2025 in the amount of \$124,797 (June 30, 2024 - \$39,999 for the 3 months and \$111,597 for the nine months period) to two officers of the Company.

### Note 15

#### 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 \$65,392 at June 30, 2025. 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, 2025 (Unaudited)

### **Note 15** 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, 2025 are impaired.

The aging of accounts receivable is as follows:

	<b>June 30, 2025</b>	<b>September 30, 2024</b>
Current	\$ 62,152	\$ 3,843
31-90 days	-	537
91+ days	3,240	9,348
	<b>\$ 65,392</b>	<b>\$ 13,728</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, 2025, the Company had cash in the amount of \$307,422 and accounts receivable of \$65,392 with which to meet its obligations. At June 30, 2025 the Company had working capital of \$31,987.

The contractual maturity of the Company's liabilities of \$536,587 at June 30, 2025 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, 2025 (Unaudited)

### Note 16

#### 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:

	<b>June 30, 2025</b>	September 30, 2024
Advances from related parties	\$ -	\$ -
Convertible debentures	100,000	100,000
Contributed surplus	3,833,411	3,833,411
Share capital	12,241,850	11,933,087
Warrant reserve	1,193,540	1,146,495
Deficit	(17,118,109)	(16,604,050)
	<b>\$ 250,692</b>	<b>\$ 408,943</b>

The Company plans to focus on customer acquisition and software subscription sales in order to generate more positive cash flows by moving toward increasing the sale of its licenses for software. 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.

## Management Discussion and Analysis

**Dated: August 29, 2025**

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the 3 quarters ended June 30, 2025, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2024.

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 not performed an audit of these interim consolidated quarterly 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](http://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. (TSXV: VIS) is a Canadian technology company that develops and deploys IoT (Internet of Things) and SaaS (Software-as-a-Service) solutions for facility management and customer service environments. Through its flagship Wanda™ platform, Visionstate enhances operational efficiency, compliance, and accountability in high-traffic environments such as hospitals, airports, shopping centres, and post-secondary institutions.

The Company also invests in ESG-related businesses through its portfolio company Sol Spaces Inc., which designs and deploys climate-resilient greenhouses and modular housing solutions.

### **Bill 190 Strategy and WandaLITE Onboarding**

During the quarter, the Company focused on building out WandaLITE in preparation for the introduction of Ontario's Bill 190, which mandates digital cleaning and inspection logs in publicly accessible washrooms beginning January 1, 2026.

Recognizing that Bill 190 represents an additional burden on businesses, Visionstate adopted a customer-first strategy by waiving licence fees for Ontario organizations until January 1, 2026. This approach enables rapid onboarding throughout 2025, with invoicing to begin when the legislation comes into effect. While this strategy impacts short-term revenue, it removes adoption barriers and positions the Company for significant subscription revenue growth beginning in 2026.

Between mid-June and the end of July—typically a slower period for customer acquisition—the Company signed more than 20 new WandaLITE subscriptions, representing a 100% year-over-year increase. By comparison, Visionstate might normally acquire one new subscription per month during the summer.

Like other SaaS growth models, Visionstate's management is focused on subscription acquisition rate as the most meaningful performance metric at this stage. The Bill 190 onboarding strategy has already resulted in a significant increase in acquisition momentum, which the Company expects to continue through the remainder of 2025.

### **Wanda and WandaLITE**

Wanda is Visionstate's flagship IoT-enabled platform that digitizes facility cleaning and inspection management. It replaces traditional paper-based logs with touchscreen tablets (or mobile devices) that record cleaning activity, inspections, and supply levels in real time. Wanda can also integrate with IoT sensors such as people counters, environmental monitors, and smart buttons to provide a comprehensive dataset on facility operations. The platform delivers detailed analytics, audit trails, and dashboards that allow managers to identify high-traffic areas, allocate labor effectively, and maintain compliance with health and safety standards.

WandaLITE, launched in 2025, is a streamlined, cloud-based version of Wanda designed specifically for fast, affordable deployment in response to Ontario's Bill 190 legislation. Unlike the full Wanda platform,

WandaLITE does not require dedicated hardware or sensors; instead, it uses QR-code check-ins or mobile devices to record cleaning and inspection data. This dramatically reduces onboarding friction, enabling organizations to be up and running within days at a low cost.

While simplified, WandaLITE still provides the core value proposition of secure, auditable digital record-keeping that meets Bill 190 compliance requirements. Customers benefit from real-time visibility into cleaning activity, automated audit trails, and actionable data insights to improve hygiene standards and accountability. The combination of ease of use, low cost (\$960 per building annually), and compliance-readiness has driven rapid adoption across hospitals, post-secondary institutions, and long-term care facilities.

Together, Wanda and WandaLITE offer a tiered solution: Wanda for organizations seeking advanced IoT integration and full operational analytics, and WandaLITE for institutions that need quick compliance with minimal setup. This dual approach allows Visionstate to scale adoption across a wide range of sectors and customer sizes while maintaining recurring software revenue and high margins.

### **Product Development and R&D**

In addition to WandaLITE, the Company invested in two major development initiatives during the quarter:

- MIRA Inspections Platform (launched June 2025): A new SaaS module that digitizes audits and regulatory inspections. MIRA allows facilities to replace paper-based inspection checklists with mobile-enabled digital workflows, offering compliance reporting, QR-code verification, and cloud-based audit trails.
- AI Project with Amii – “TidyLogic” (six-figure development path): Developed in partnership with the Alberta Machine Intelligence Institute, TidyLogic is scheduled for prototype completion in October 2025. Unlike Wanda, which is focused on cleaning and hygiene, TidyLogic is a facility management resource-planning tool. It applies machine learning to optimize cleaning schedules and routes, ingesting historical data and traffic patterns to recommend labor allocation, sequencing, and service frequency. TidyLogic can operate as a standalone product or be enhanced by data collected through Wanda. Early discussions with large building service contractors (BSCs) and facility management companies have begun regarding pilot deployments.

### **Commercial Activity and Pipeline**

During the quarter, demand was led by hospitals and post-secondary institutions in Ontario. By quarter-end and into July, the pipeline had grown to approximately 42 additional prospects across long-term care homes, hospitals, school divisions, BSCs, and cleaning companies.

Subsequent to quarter-end, Visionstate IoT’s President met in New York with the Company’s largest U.S. customer, one of the world’s largest private equity real estate firms, to discuss global expansion opportunities, including potential deployments in the U.K. and India.

### **Sol Spaces – ESG Innovation**

Sol Spaces, Visionstate's portfolio company, continued to grow during the quarter with the deployment of climate-resilient greenhouses both locally in Edmonton and through direct-ship kits to customers. The Company is also advancing community-scale greenhouse discussions and developing modular studios built with sustainable SIP panels for transitional housing applications. Sol Spaces believes IoT and AI integration will play key roles in scalable, sustainable housing solutions.

### **Key Performance Indicators (KPIs)**

Management uses the following KPIs to assess performance and growth:

- Subscriptions Signed: 20 new WandaLITE subscriptions in six weeks (vs. ~1 per month historically in summer).
- Active Pipeline: ~42 prospects across healthcare, LTC, school divisions, BSCs, and cleaning companies.
- Buildings Monitored (Target): >1,000 by year-end 2025.
- Annual Subscription Fee: \$960 per building, often covering multiple buildings/areas.
- Gross Margin on SaaS: Approximately 80%.

These KPIs are viewed as leading indicators of recurring revenue growth, which management expects to begin in January 2026.

### **Financial Performance and Outlook**

Visionstate Corp. continues to strengthen its financial position, maintaining robust software margins exceeding 70% and exercising diligent cost control. Q3 2025 is expected to demonstrate significant momentum as new contracts with Canadian colleges and universities contribute to recurring SaaS revenue.

In addition, the company anticipates new revenue from the development of WANDA's auditing and inspection features and the expansion into equipment maintenance tracking. These initiatives align with Visionstate's strategy to diversify its revenue streams and enhance its technology portfolio.

### **Overall Performance**

During the fiscal years 2023 and 2024, Visionstate Corp. had focused on continuing to solidify its relationship with its distribution partner, Bunzl, and to expand the reach of its Wanda facility management technology into global markets. This focus continues to significantly advance the WANDA product's footprint giving Visionstate the opportunity to entrench itself with major players in the facility management industry, and to continue the development of smart devices. This strategy continues to manifest in fiscal 2025 as sales opportunities continue to expand in the marketplace.

During the fiscal year 2024 the company invested resources into two main things – the integration of Artificial Intelligence (AI), and more specifically, artificial intelligence in the format of a chatbot, into its redesigned Vicci product – known as Vicci 3.0 and expanding the reach of the Wanda product through

reseller and partner relationships. In fiscal 2025 the Company has focused its efforts on AI and its new software platform Tidy Logic.

During the period ended June 30, 2025, selling, general and administrative expenses increased to \$413,789 in the nine months ended June 30, 2025 from \$380,983 in the nine months ended June 30, 2024 and to \$203,152 in the three months ended June 30, 2025 from \$128,930 in the 3 months ended June 30, 2025. This was due to the issuance of Director and Officer service stipends for the year being approved in this period rather than in the fourth period of the fiscal year – purely a timing issue. Otherwise, expenses would be in line with previous year's period three.

Gross revenues for the three months ended June 30, 2025 decreased to \$69,431 from \$87,928 from the previous year's three months and for the nine months ended June 30, 2025 to \$422,688 from \$472,580 for the previous year's nine month period. Gross Margin percentages for the three months ended June 30, 2025 were 69.34% and 83.45% for the three months ended June 30, 2024. The gross margins for the nine months ended June 30, 2025 were 81.25% and the nine months ended June 30, 2024 were 76.54%. This common trend in margin demonstrates continuing strong profit margins for the product.

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. The company bases its growth more on customer adoption and retention rather than actual numbers because as adoption of software increases so does annual revenue.

## 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.

	2022	2023	2024
Total Revenue	\$ 410,536	\$ 289,242	\$ 492,376
Net Loss	\$ (621,127)	\$ (1,727,673)	\$ (933,159)
Basic and Diluted Net Loss per Common Share	\$ (0.01)	\$ (0.01)	\$ (0.05)
Total Assets	\$ 976,751	\$ 386,624	\$ 826,073
Total Long Term Financial Liabilities	\$ 116,965	\$ 46,767	\$ 29,642

## 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 nine month period ended June 30, 2025 were \$422,688 and for the nine months ended June 30, 2024 they were \$3472,580 and for the three month period ended June 30, 2025 they were \$69,431 and the three month period ended June 30, 2024 they were \$87,928. The decrease in revenue from the previous year was mainly a result of a decrease in sales. This Company is now focused on the US market and recently opened an office in Seattle, Washington. In this reporting period, Management focused on expanding its US reach with the intent that sales from that effort will pay off in the following fiscal years. Additionally the Company has completed work on and has launched “Wanda Lite” which will help make Wanda more affordable and easier to deploy. It’s the same Wanda product except property managers can buy only the parts of the product they really need and management hopes this will expand the market further for its products. Currently there are close to 50 pending sales awaiting finalizing and invoicing in January 2026.

The gross margin for the nine months ended June 30, 2025 was \$343,449 (\$361,694 in the previous year) and for the quarter ended June 30, 2025 it was \$48,140 (\$73,377 in the previous year’s quarter). The Gross Margin percentage for the quarter decreased to 69.34% from 83.45% in the previous year and in the nine months, increased to 81.25% from the previous year’s period of 76.54%. Cost of sales of the Wanda will become lower as a result of the QR code adoption eventually resulting in no costs for hardware. Management also believes that offloading the sales effort costs to distribution partners allows it to focus resources on research and expansion of the product footprint without additional overhead. A distribution partner in the US market is currently being sought by management.

## **Selling, General and Administrative**

Selling, general and administrative expenses for the nine months ended June 30, 2025 increased to \$413,789 from \$290,822 and to \$203,152 from \$128,930. 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, director service stipends, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses have increased as a result of increased public company costs as well as the issuance of board service stipends. This year the directors and officers were paid a stipend of \$20,000 each for board service, in previous years the amongst were much less than resulting in increased expenses.

**Summary of Quarterly Results**

Description	Apr 25 – Jun 25	Jan 25 – Mar 25	Oct 24 – Dec 24	Jul 24 – Sep 24	Apr 24 – Jun 24	Jan 24 - Mar 24	Oct 23 – Dec 23	Jul 23 – Sep 23
Total Revenue	69,431	353,258	146,908	68,239	87,928	140,857	195,352	49,048
Net Profit (Loss)	(309,107)	(208,535)	(109,693)	(598,078)	(194,193)	(61,271)	(79,617)	(1,185,609)
Basic and Diluted Net Loss Per Common Share	(0.00)	(0.00)	(0.00)	(0.005)	(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 period ended June 30, 2025, the Company had a working capital of \$31,987 (2024 a working capital deficiency of \$317,272) 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 quarter ended June 30, 2025 in the amount of \$41,599 and nine months ended June 30, 2025 in the amount of 124,797 (June 30, 2024 - \$339,999 for the 3 months and \$111,597 for the nine months period) to the two officers of the Company.

### **Share Data**

**Shares Outstanding: 258,326,335** common shares as at August 29, 2025.

**Stock Options Outstanding:** Nil options to purchase common shares are outstanding as at August 29, 2025.

**Common Share Purchase Warrants Outstanding:** 135,675,000 as at August 29, 2025.

### **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 is currently evaluating the impact of these amendments on its financial statements and will apply 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) 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.

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 \$65,392 as at June 30, 2025 (2024 - \$88,626). 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 December 31, 2024, no accounts receivable are past due or impaired. The aging of accounts receivable is as follows:

	June 30, 2025	June 30, 2024
Current	\$ 62,152	\$ 12,908
31 – 90 days	-	496
91+ days	3,240	75,222
<b>Total</b>	<b>\$ 65,392</b>	<b>\$ 88,626</b>

**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 90% of the Company's accounts receivable are due from 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, 2025, the Company had cash of \$307,422 and accounts receivable of \$65,392 (2024 - \$158,141 of cash and \$88,626 of accounts receivable) with which to meet its obligations. At June 30, 2025, the Company had working capital of \$31,987 (2024 – a working capital deficiency of \$150,168)

The contractual maturity of the Company's liabilities of \$536,587 at June 30, 2025 (2024 - \$626,301) 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 \$3,833,411 (June 30, 2024 - \$2,666,581) share capital of \$12,241,850 (June 30, 2024 - \$11,659,291), warrant reserve of \$1,193,540 (June 30, 2024 - \$926,361), and convertible debentures of \$100,000 (June 30, 2024 – \$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 is receiving greater interest from the Canadian, US and European marketplaces, including hospitals, 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. 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, 2024.

### **Future Plans and Outlook**

Visionstate's strategy remains focused on market share growth, customer acquisition, and recurring revenue expansion. By prioritizing Bill 190 onboarding now, the Company is deliberately trading near-term licence revenue for long-term recurring SaaS revenue starting in January 2026.

Key upcoming milestones include:

- Continued acceleration of WandaLITE onboarding leading up to Bill 190 enforcement.
- Pilot deployments and prototype completion of TidyLogic AI in October 2025.
- Broader rollout of the MIRA inspections platform as a complementary SaaS product.
- Expanded Sol Spaces commercialization in both greenhouse and transitional housing markets.

Management believes this strategy will establish a strong foundation for sustainable revenue growth and shareholder value creation in 2026 and beyond.

### **Key Risks and Uncertainties**

While management is confident in the Company's strategy and current momentum, several risks and uncertainties could impact future performance:

- **Onboarding Execution Risk:** The ability to convert pipeline prospects into active WandaLITE subscriptions before the Bill 190 deadline depends on customer readiness, distributor execution, and internal resources.
- **Legislative Adoption Risk:** While Bill 190 mandates digital compliance in Ontario, the pace of adoption and enforcement across Canada or other jurisdictions may vary, which could affect the scale and timing of new opportunities.

- **Partner Dependency:** Visionstate relies on distributors and building service contractors (BSCs) to drive broad-based adoption. Partner performance, incentives, and retention of relationships are critical to scaling.
- **Technology Development Risk:** MIRA and TidyLogic are new SaaS products; timelines for customer uptake, pricing acceptance, and integration into customer workflows could shift. AI development inherently carries technical and market adoption risks.
- **Competitive Landscape:** The facility management technology space continues to evolve. Larger, well-capitalized competitors could enter the compliance-driven market, though Visionstate believes its first-mover advantage and customer-first approach are key differentiators.
- **Liquidity and Financing Risk:** The Company's ability to fund ongoing R&D and market expansion may depend on raising additional capital if revenue growth does not scale as projected in early 2026.

## **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 2025 the Company will continue to emphasize the importance of its Wanda technology in the front-line battle against COVID-19 and its variants.