

**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

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

	Jun 30/25 Unaudited \$	Sep 30/24 Audited \$
ASSETS		
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
TOTAL CURRENT ASSETS	535,574	277,233
DEPOSIT	53,282	53,282
PRODUCT DEVELOPMENT (Note 7)	70,000	-
RIGHT OF USE ASSET (Note 10)	28,055	56,109
TOTAL ASSETS	686,911	386,624
LIABILITIES		
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
TOTAL CURRENT LIABILITIES	503,587	594,505
LEASE OBLIGATION (Note 10j)	32,632	46,767
TOTAL LIABILITIES	536,219	641,272
SHAREHOLDERS' EQUITY		
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)
TOTAL SHAREHOLDERS' EQUITY	150,692	(254,648)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	686,911	386,624

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			
Balance, October 1, 2024	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)
Balance, June 30, 2025	<u>258,326,335</u>	<u>\$ 12,241,850</u>	<u>135,675,000</u>	<u>\$ 1,193,540</u>	<u>\$ 13,435,390</u>	<u>\$ 3,833,411</u>	<u>\$(17,118,109)</u>	<u>\$ 150,692</u>

	Shares		Warrant Reserve			Contributed Surplus	Deficit	Total
	Number	Amount	Number	Amount	Total			
Balance, October 1, 2023	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)
Balance, June 30, 2024	<u>200,641,335</u>	<u>\$ 11,659,291</u>	<u>88,685,000</u>	<u>\$ 926,361</u>	<u>\$ 12,585,652</u>	<u>\$ 3,327,253</u>	<u>\$(15,998,057)</u>	<u>\$ (85,152)</u>

See accompanying notes to the consolidated financial statements

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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
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
CASH FLOWS FROM INVESTING ACTIVITIES		
Product development	(70,000)	(18,400)
Investment	(28,000)	(50,000)
Net cash flows from investing activities	(98,000)	(68,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
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
Increase/Decrease in cash	217,657	84,874
Cash (bank indebtedness) - beginning of period	89,765	72,267
Cash (bank indebtedness) - end of period	307,422	158,141

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

Note 1

Going Concern

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

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.

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

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

Note 3

Basis of Presentation Continued...

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

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

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

Note 6 Property and Equipment

	Cost						Balance at June 30, 2025
	Balance at June 30, 2023		Balance at June 31, 2024		Balance at June 30, 2025		
	Additions	Disposals	Additions	Disposals	Additions	Disposals	
Vehicle	\$ 51,550	\$ -	\$ -	\$ 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>

	Accumulated Depreciation and Impairment						Balance at June 30, 2025
	Balance at June 30, 2023		Balance at June 30, 2024		Balance at June 30, 2025		
	Depreciation	Impairments	Depreciation	Impairments	Depreciation	Impairments	
Vehicle	\$ 51,550	\$ -	\$ -	\$ 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

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

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

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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

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

Note 9 Promissory Notes Payable

	June 30, 2025	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
	\$ 22,992	\$ 22,992

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)	-
Balance, September 30, 2021	\$ 100,000	\$ -
Accretion	-	-
Repayment	-	-
Balance, September 30, 2022	\$ 100,000	\$ -
Accretion	-	-
Repayment	-	-
Balance, September 2023	\$ 100,000	-
Accretion	-	-
Repayment	-	-
Balance September, 2024	\$ 100,000	-
Accretion	-	-
Repayment	-	-
Balance June 30, 2025	\$ 100,000	-

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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.

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

Note 14 Related Party Transactions

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

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

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

Note 15 Financial Instruments Continued...

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:

	June 30, 2025	September 30, 2024
Current	\$ 62,152	\$ 3,843
31-90 days	-	537
91+ days	3,240	9,348
	\$ 65,392	\$ 13,728

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.

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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:

	June 30, 2025	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)
	\$ 250,692	\$ 408,943

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.