Management Discussion and Analysis

Dated: March 2, 2026

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the quarter ended December 31, 2025, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2025.

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 norm al course of operations. The Company's external auditors, Kenway Mack Slusarchuk Stewart LLP, have performed an audit of the consolidated financial statements.

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

Forward-Looking Information

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

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

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

Business Overview

Transition to a Compliance Intelligence Platform

During the quarter, Visionstate continued its transition from a traditional IoT-based facility management solution to a unified compliance-intelligence platform under the CleanWatch brand. Subsequently, the Company formalized this positioning in a public announcement dated February 19, 2026.

This strategic repositioning aligns Visionstate with increasing regulatory and operational requirements across multiple sectors. Legislation such as Ontario's Bill 190, which mandates public reporting of restroom cleaning times, reflects a broader trend toward documented compliance, verified workflows, and audit-ready data.

Visionstate's CleanWatch platform integrates:

- QR-based cleaning verification
- Public transparency tools
- Inspection and compliance auditing through CleanWatch Inspections
- Work order and incident tracking
- Reporting and analytics capabilities

Management believes this category represents a larger and more scalable market opportunity than the Company's historical positioning within facility management software.

Q1 2026 Strategic Highlights

Subscription Activity and Early Indicators

Subsequently, as of January 2026, the Company reported:

- 110 active rebilling location subscriptions carried into 2026
- 35 new subscriptions added in January 2026
- For comparison, January 2025 recorded a single subscription addition

These results reflect activity from the existing distribution channel. The fiscal quarter ending March 31, 2026 remains in progress, and additional subscription activity may occur as sales pipeline opportunities advance.

Management views the January activity as an early baseline for evaluating subscription acquisition and platform adoption.

Subscription Model Enhancements

To support the compliance-intelligence strategy, Visionstate has standardized its subscription model:

- Core CleanWatch subscription: $960 annually (approximately $80 per month)
- CleanWatch Inspections: approximately $80 per month per location

The inspections module provides an additional recurring revenue stream when adopted alongside the core platform.

Path Toward Operating Scale

Visionstate IoT Inc., the Company's operating subsidiary, has largely fixed operating costs. Subscription growth is therefore the primary driver of operating leverage.

Based on current cost structure and subscription pricing:

- Approximately 400 active monthly core subscriptions are required for operating break-even
- The Company currently reports approximately 145 active subscriptions

Subsequently, January 2026 subscription additions exceeded the monthly growth level required to achieve break-even within twelve months, assuming consistent acquisition and retention levels. Management cautions that monthly figures may vary.

This break-even estimate reflects core subscriptions only and excludes additional contributions from inspections, services, or retainers.

Technology and Product Development

During the quarter, the Company focused on consolidating platform functionality into a unified compliance framework. Development work included:

- Enhancements to task verification and QR-linked documentation
- Completion of CleanWatch Inspections with scoring and audit workflows
- Improved data structures to support future analytics and insights
- Work on standardizing reporting for compliance documentation

These developments support the Company's strategy to operate as a compliance-intelligence provider.

Subsequently, Visionstate began exploring the integration of analytics and AI-driven insights to enhance compliance visibility, identify cleaning pattern anomalies, and support predictive planning.

Market Conditions and Regulatory Environment

Regulatory and liability considerations continue to drive demand for digital compliance solutions. Key external trends include:

- Mandatory cleaning transparency requirements in Ontario
- Organizational need for documented compliance to mitigate liability risks related to slip-and-fall incidents
- Increased emphasis on cleanliness and public reassurance in high-traffic facilities

- Growing demand for audit-ready digital records
- Movement toward data-backed operational decision-making

These conditions support Visionstate's repositioning and strengthen the long-term opportunity for CleanWatch.

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.

During the quarter ended December 30, 2025, selling, general and administrative expenses decreased to $207,167 from $242,761 in the quarter ended December 31, 2024. In the previous year's quarter the additional expenses were due to the funds spent on attend the ISS show in the US – the biggest facilities management show of the year – in order to expand the Company's US reach. As a result of exchange rates the amount spent in USD increased the cost of attendance by .35 per dollar spent.

Gross revenues for the quarter ended December 31, 2025 decreased marginally by $4,303 to $142,605 from $146,908 on the quarter ended December 31, 2024, approximately 3%. The first quarter of each year has historically been a lean one for the company as most facility managers put off spending money until the new calendar year, after the holidays. The Company invoices annual license renewals in he second quarter (January through March) and new business also comes in during that time.

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

Selected Annual Information

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

	2023	2024	2025
Total Revenue	$ 289,242	$ 492,376	$ 433,081
Net Loss	$ (1,727,673)	$ (933,159)	$ (1,077,568)
Basic and Diluted Net Loss per Common Share	$ (0.01)	$ (0.05)	$ (0.004)
Total Assets	$ 386,624	$ 826,073	$ 191,213
Total Long Term Financial Liabilities	$ 46,767	$ 29,642	$ 10,449

Results of Operations

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

Revenue

Total revenues for the quarter ended December 31, 2025 were $142,605 and $146,908 for the quarter ended December 31, 2024. The decrease in revenue from the previous year was mainly a result of a decrease in sales. Thie Company is now focused on the US market. In the quarter of December 31, 2025, Management focused on the recently legislated compliance reporting in Ontario and on its compliance reporting AI platform.

The gross margin for the quarter ended December 31, 2025 was $129,274 and $136,732 for the prior year's quarter of December 31, 2024. The Gross Margin percentage for the quarter decreased to 91% from the prior fiscal year quarter ended December 31, 2024 of 94%. This reduction was minimal and was the result of the commission structure to the company's distribution partner and the type of products sold. Management 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 in conversations by management.

Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended December 31, 2025 were $207,167 in the current fiscal quarter. In the previous year's quarter ending December 31, 2024, selling, general and administrative was $242,761. These costs include research and development expenses, as well as marketing and sales expenses, public company costs including AGM costs, investor relations and market making activity costs, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses had decreased because in the previous year management attended the ISS tradeshow in the US which was priced in USD.

Summary of Quarterly Results

Description	Oct 25 – Dec 25	Jul 25 – Sep 25	Apr 25 – Jun 25	Jan 25 - Mar 25	Oct 24 – Dec 24	Jul 24 – Sep 24	Apr 24 – Jun 24	Jan 24 - Mar 24
Total Revenue	142,615	68,535	69,431	198,591	96,524	68,239	87,928	140,857
Net Profit (Loss)	(83,698)	(450,233)	(309,107)	(208,535)	(109,693)	(598,078)	(194,193)	(61,271)
Basic and Diluted Net Loss Per Common Share	(0.000)	(0.004)	(0.001)	(0.001)	(0.001)	(0.005)	(0.001)	(0.001)

The quarterly results of the Company mainly fluctuate as a result of variations in revenue, amortization, public company costs and staffing included in selling, general and administrative expenses. Revenue varies directly on the number of units sold and the number of license renewals. In the final quarter the Company recorded a loss on its investments for fair value adjustment of investment and impairment loss. The Company also deferred revenue it had recorded in prior quarters to allow for portions of a development contract that were not completed as at year end. Revenue will be recorded in the new fiscal year once the project is completed.

Liquidity and Capital Resources

The Company has limited financial resources and its ability to continue as a going concern is dependent on attaining profitability. Visionstate continues to deploy its facility management software which has given the company a proprietary platform upon which to customize each client, and this has given the company the ability to deploy in much shorter periods of time to a larger and more varied customer base.

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

As at the quarter end, the Company had a working capital deficiency of $457,663 (2024, working capital of $83,762) 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 fees and accounting fees in the amount of $13,500 in the current fiscal quarter ended December 31, 2024 (December 31, 2024 - $12,300) which is included in selling, general and administrative expenses to companies controlled by members of management.

The Company paid salaries to key management in the amount of $27,500 during the quarter ended December 31, 2025. (20243 - $25,000)

Share Data

Shares Outstanding: 258,326,335 common shares as at March 2, 2026.

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at March 2, 2026.

Common Share Purchase Warrants Outstanding: 135,175,000 as at March 2, 2026.

Adoption of new accounting standards

The following IFRS standards have been recently issued by the IASB and the Company is currently evaluating the potential impacts on the consolidated financial statements of such pronouncements. Pronouncements that are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements have been excluded.

IFRS 18 Presentation and disclosure in the financial statements (replacement of IAS 1)

This new standard maintains many of the current requirements for the presentation of financial statements and adds new requirements concerning the statement of profit or loss, management-defined performance measures, and the principles of aggregation and disaggregation of information.

The new requirements concerning the statement of profit or loss include requiring entities to classify income and expenses included in the statement of profit or loss in one of five categories (operating, investing, financing, income taxes, discontinued operations), and prescribing that subtotals for operating profit or loss and profit or loss before financing and income taxes are presented. The new requirements concerning management-defined performance measures involve explanation of the purpose, calculation of and reconciliation to the most closely related performance measure prescribed in an IFRS accounting standard performance measures used in public communications by entities outside of the financial statements that are not a measure specifically required to be presented or disclosed by an IFRS accounting standard. The amendment is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Financial Instruments

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

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

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

Fair Value

The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. Financial instruments also include advances from related parties, convertible debentures, long term debt and promissory notes payable. Management considers that no events have occurred subsequent to the inception of these financing arrangements that would indicate that fair value differs substantially from carrying value.

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

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

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

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consists of accounts receivable. The maximum exposure to credit risk as represented by the carrying amount of the financial asset is $9,554 at December 31, 2025 (2024 - $64,140). 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, 2025, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	December 31, 2025	December 31, 2024
Current	$ 4,074	$ 52,333
31 – 90 days	-	2,992
91+ days	5,480	8,815
Total	$ 9,554	$ 64,140

Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus is a higher risk to the business in the event of a default by one of these customers. Approximately 95% 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 and the $300,000 convertible debenture is due in less than one year. The Company is currently negotiating with the debenture holders of the $100,000 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 December 31, 2025, the Company had cash of $168,200 and accounts receivable of $9,554 (2024 - $389,395 of cash and $64,140 of accounts receivable) with which to meet its obligations. At December 31, 2025 the Company had working capital deficiency of $457,663 (2024 – working capital of $83,762)

The contractual maturity of the Company's liabilities of $657,216 at December 31, 2025 (2023 - $455,634) 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 $3,934,565 (December 31, 2024 - $3,914,123) share capital of $12,172,561 (December 31, 2024 - $11,933,087), warrant reserve of $1,260,867 (December 31, 2024 - $1,065,783), and convertible debentures of $400,000 (December 31, 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 priorities for the remainder of fiscal 2026 include:

- Expanding recurring subscription revenue
- Increasing adoption of CleanWatch Inspections
- Supporting new regulatory transparency requirements
- Enhancing onboarding and implementation workflows
- Continuing development of compliance-focused analytics

Impact of COVID-19

COVID-19 impacted the Company operations positively. In 2026 the Company will continue to emphasize the importance of its technology in the front-line battle against COVID-19 and its variants especially as governments legislate facility cleaning reporting, as has happened in Ontario with Bill 190.