

**FIRST QUARTER REPORT
For the Period Ended December 31, 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 three months ended December 31, 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.

March 2, 2026

"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 months ended December 31, 2025

(Unaudited)	3 months Dec 31/25 \$	3 months Dec 31/24 \$
Revenue		
Development Contracts	60,000	60,000
Technical support and service contracts	6,199	21,028
Product sales	76,406	65,880
Cost of Sales	13,331	10,176
Gross Profit	129,274	136,732
Expenses		
Selling, general and administrative expenses	207,167	242,761
Interest on convertible debentures	3,761	2,364
Other interest	2,044	1,300
	212,972	246,425
Net income (loss) and comprehensive income (loss)	(83,698)	(109,693)
Weighted average number of shares outstanding	# 258,326,335	# 240,126,335
Basic and diluted net income (loss) per common share (Note 9)	\$.00	\$.00

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Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

December 31, 2025

	Dec 31/25 Unaudited \$	Sep 30/25 Audited \$
ASSETS		
Current Assets		
Cash	168,200	75,818
Accounts receivable	9,554	12,699
Prepaid expenses	21,799	26,367
TOTAL CURRENT ASSETS	199,553	113,884
DEPOSIT	50,750	53,282
RIGHT OF USE ASSET (Note 7)	20,039	24,047
TOTAL ASSETS	270,342	191,213
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	217,187	287,643
Promissory note payable (Note 6)	25,431	25,431
Convertible debentures (Note 8)	400,000	100,000
Deferred revenue	-	62,122
Current portion of lease obligation	14,598	19,193
TOTAL CURRENT LIABILITIES	657,216	494,389
LEASE OBLIGATION	10,449	10,449
TOTAL LIABILITIES	667,665	504,838
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	12,172,561	12,172,561
Warrant Reserve (Note 9)	1,260,867	1,260,867
Contributed Surplus	3,934,565	3,934,565
Deficit	(17,765,316)	(17,681,618)
TOTAL SHAREHOLDERS' EQUITY	(397,323)	(313,625)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	270,342	826,073

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Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

December 31, 2025

	Shares		Warrant Reserve			Contributed Surplus	Deficit	Total
	Number	Amount	Number	Amount	Total			
Balance, October 1, 2025	258,326,335	\$ 12,172,561	135,175,000	\$ 1,260,867	\$ 13,433,428	\$ 3,934,565	\$(17,681,618)	\$ 313,625
Net loss	-	-	-	-	-	-	(83,698)	(83,698)
Balance, December 31, 2025	<u>258,326,335</u>	<u>\$ 12,172,561</u>	<u>135,175,000</u>	<u>\$ 1,260,867</u>	<u>\$ 13,433,428</u>	<u>\$ 3,934,565</u>	<u>\$(17,765,316)</u>	<u>\$ 229,927</u>

	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	-	-
Net loss	-	-	-	-	-	-	(109,693)	(109,693)
Balance, December 31, 2024	<u>240,126,335</u>	<u>\$ 11,933,087</u>	<u>119,775,000</u>	<u>\$ 1,065,783</u>	<u>\$ 12,998,870</u>	<u>\$ 3,914,123</u>	<u>\$(16,713,743)</u>	<u>\$ 199,250</u>

See accompanying notes to the consolidated financial statements

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Interim Condensed Consolidated Statement of Cash Flows

For the three months ended December 31, 2025

(Unaudited)	3 months ending	
	Dec 31/25 \$	Dec 31/24 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	(83,698)	(109,693)
Items not affecting cash		
Depreciation of right-of-use asset	4,008	4,008
	(79,690)	(104,486)
Changes in non-cash working capital items		
Accounts receivable	3,145	(50,412)
Prepaid expense	3,500	(1,644)
Deferred revenue	(62,122)	(49,443)
Accounts payable and accrued liabilities	(67,856)	14,608
Net cash flows from operating activities	(203,023)	(191,377)
CASH FLOWS FROM INVESTING ACTIVITIES		
Product development costs	-	(20,000)
Promissory Note Loan Receivable	-	(25,000)
Net cash flows from investing activities	-	(45,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription Receivable	-	175,000
Debenture Payable	300,000	-
Repayments on lease obligations	(4,595)	(5,708)
Net cash flows from financing activities	295,405	169,292
Increase/Decrease in cash	92,382	(67,085)
Cash (bank indebtedness) - beginning of period	75,818	456,480
Cash (bank indebtedness) - end of period	168,200	389,395

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 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 December 31, 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 December 31, 2025, the Company posted a net loss of \$83,698 and an accumulated deficit of \$17,765,316.

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 main focus of the Company is its Visionstate IoT Inc division, which develops digital applications that support compliance, accountability, and operational visibility in high traffic facilities. This division designs and deploys the CleanWatch platform, a suite of cloud-based tools that enable facilities to verify cleaning activities, document compliance, conduct inspections, manage incidents, and capture customer feedback. These applications replace manual logs and paper-based processes with real-time digital reporting, improving the accuracy and reliability of compliance documentation.

Visionstate IoT markets its solutions to large facility operators including shopping centres, hospitals, airports, office buildings, educational institutions, and other environments where operational transparency, safety, and regulatory compliance are essential.

These interim condensed consolidated financial statements were approved by the Board of Directors on February 27, 2026.

Notes to the Interim Condensed Consolidated Financial Statements December 31, 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 December 31, 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.

Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 3

Basis of Presentation

Cont'd...

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, 2024

Note 4

Deposits

Amount includes a deposit of \$50,750 (2024 - \$50,750) paid for the development of a wireless sensor package.

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 5

Accounts Payable and Accrued Liabilities

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

	December 31, 2025	September 30, 2025
Trade payables	\$ 27,659	\$ 95,183
Accrued liabilities	177,972	178,538
Accrued payroll	9,539	12,772
Goods and Services Tax Payable	2,017	1,145
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	\$ 217,187	\$ 287,643

Included in trade payables are the following related party balances:

	December 31, 2025	September 30, 2025
Due to directors	\$ 9,500	\$ 9,500
Due to officers	-	4,720
Due to companies controlled by directors	4,150	-
	<hr/>	
	\$ 13,650	\$ 14,220

Note 6

Promissory Notes Payable

Promissory note payable is unsecured, interest payable at 6% per annum, with full amount and accrued interest due on demand

	December 31, 2025	September 30, 2025
	\$ 24,351	\$ 25,431
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	\$ 24,351	\$ 25,431

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 7 Lease Obligation and Right-of-Use-Asset

Right-of-use asset	Cost	Accumulated Depreciation	December 31, 2025	September 30, 2025
	\$ 46,766	\$ 4,008	\$20,039	\$24,047

Note 8 Convertible Debentures

	Liability	Equity
Balance, September 30, 2020	\$ 165,489	\$ -
Accretion	-	-
Repayment	(65,489)	-
Balance, December 2021	\$ 100,000	\$ -
Accretion	-	-
Repayment	-	-
Balance, December 2022	\$ 100,000	\$ -
Accretion	-	-
Repayment	-	-
Balance, December 2023	\$ 100,000	-
Accretion	-	-
Repayment	-	-
Balance, December 2023	\$ 100,000	-
Accretion	-	-
Repayment	-	-
Balance, December 2024	\$ 100,000	-
Accretion	-	-
Repayment	-	-
Addition, December 19, 2025	\$ 300,000	-
Accretion	\$ -	-
Repayment	-	-
Balance, December 2025	\$ 400,000	-

On December 14, 2025, the Company issued an unsecured convertible debenture with a principal amount of \$300,000. The debenture bears interest at 10% per annum, payable at maturity, and matures on December 14, 2026.

The holder may elect to convert the outstanding principal and accrued interest into common shares of the Company at a conversion price of \$0.05 per share. If fully converted at maturity, the debenture would be convertible into 6,600,000 common shares (principal and one year of accrued interest totaling \$330,000).

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 8

Convertible Debentures Cont'd

The debenture is classified as a financial liability and measured at amortized cost using the effective interest method. The Company determined that no derivative liability or equity component was required to be recognized on initial measurement because the conversion feature meets the “fixed-for-fixed” criterion under IAS 32.

Interest expense is recognized in profit or loss over the term of the debenture. For the period ended December 31, 2025, the Company recognized accretion and accrued interest expense of:

- Interest accrued (Dec 14–Dec 31, 2025):

$$300,000 \times 10\% \times \frac{17}{365} = \$1,397$$

Note 9

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 December 31, 2025 and September 30, 2025 is presented below:

	December 31, 2025		September 30, 2025	
	Warrants	Weighted Average Exercise price	Warrants	Weighted Average Exercise price
Warrants outstanding, beginning of year	135,175,000	\$ 0.05	129,820,000	\$ 0.05
Issued	-	-	18,200,000	0.05
Exercised	-	-	-	-
Expired	-	-	(12,845,000)	0.57
Total Warrants	135,175,000	0.05	135,175,000	0.05

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 9 Share Capital Cont'd...

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.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Net Income (Loss)	\$ (83,698)	\$ (109,693)
Weighted average number of common shares outstanding	258,326,335	240,126,335
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.

Note 10 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 December 31, 2025 in the amount of \$13,500 (December 31, 2024 - \$12,300) to an officer of the Company.

Note 11 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.

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 11 Financial Instruments Cont'd

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 December 31, 2025 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 \$9,554 at December 31, 2025. 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, historical trends and other information. No accounts receivable at December 31, 2025 are impaired.

The aging of accounts receivable is as follows:

	December 31, 2025	September 30, 2025
Current	\$ 4,074	\$ 11,200
31-90 days	-	-
91+ days	5,480	1,499
	\$ 9,554	\$ 12,699

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.

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 (Unaudited)

Note 11 Financial Instruments Cont'd

At December 31, 2025, the Company had cash in the amount of \$168,200 and accounts receivable in the amount of 9,554 with which to meet its obligations. At December 31, 2025 the Company had working capital of \$ 177,759.

The contractual maturity of the Company's liabilities of \$4657,216 at December 31, 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.

Note 12 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:

	December 31, 2025	September 30, 2025
Convertible debentures	400,000	100,000
Contributed surplus	3,934,565	3,934,565
Share capital	12,172,561	12,172,561
Warrant reserve	1,260,867	1,260,867
Deficit	(17,765,316)	(17,681,618)
	\$ 2,677	\$ (154,684)

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Notes to the Interim Condensed Consolidated Financial Statements December 31, 2025 **(Unaudited)**

Note 12 Capital Disclosures Cont'd...

The Company plans to focus on higher gross margin revenue streams in order to generate more positive cash flows by moving toward products that can be mass deployed off the shelf and less custom work. Management believes that successful execution of its business plan will result in sufficient cash flow to meet its objectives and current obligations.

Methods used by the Company to manage its capital include the issuance of new share capital and financing from related parties.

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