

Management Discussion and Analysis

Dated: March 1, 2021

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, 2020, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2020.

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, RSM Alberta 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

Visionstate IoT Inc is the operating division of Visionstate Corp. and its primary business is providing Internet of things (IoT) solutions to the facility management industry. Visionstate IoT Inc. has a suite of products designed to monitor cleaning activities in virtually any facility, and has been installed in locations across North America, including hospitals, airports, office buildings, recreational centres, casinos and shopping centres, to name a few.

The technology tracks cleaning activities in these facilities and provides detailed analytics on the efficiency and performance of those events. The onset of the global COVID-19 pandemic has made this technology even more relevant as customers implement new protocols associated with cleaning standards.

Visionstate IoT Inc. markets three main products. Wanda, which is an IoT device installed at the entrance of public restrooms, collects data input by cleaning staff to track activities such as what was cleaned, when it was cleaned, and by whom. Wanda also collects data from sensors, including foot traffic through an area, and performance and supply levels of restroom dispensers such as soap, toilet paper and paper towels.

Over the past year, in response to COVID-19, the Company has also launched two new products, including a mobile app to track cleaning compliance and IoT buttons that can be quickly deployed and used to flag alerts in remote locations where connectivity and power may not be readily available. In May 2020, the Company deployed the mobile app to a network of warehouses in Canada which at the time were deemed essential services. The deployment to some 35 locations was executed within a six-week time frame.

The development and subsequent deployment of WandaMOBILE represents a significant shift in the company's ability to provide a more comprehensive solution to the facility management industry. While Wanda tablets have historically been restroom centric, the mobile app expands the ability to collect data on cleaning activities throughout a facility. Management believes the addition of the mobile app to the Wanda suite of products will have a significant impact on future revenue generation.

Visionstate IoT sells its products through a large, global distributor which carries inventory of the Wanda device and distributes directly to customers. In October 2020, the Company entered into a new three-year agreement with its partner that includes sales, marketing and distribution of the Wanda products. The agreement enables Visionstate to focus on developing new IoT technology while it earns residual revenue through license fees. The agreement also includes monthly retainer fees which represents a new and consistent revenue source for Visionstate.

The company's revenue model is based on software as a service and Visionstate IoT earns monthly fees associated with the financial model. As a Company built on the software as a service (SaaS) model, Visionstate IoT Inc. is focused on accumulating customers to build the residual income generated from license fees. Typically for companies based on SaaS models, performance is measured by the growth in customer acquisition as license agreements extend over a 36-month period.

To further enhance the company's ability to acquire customers, it actively seeks new value-added partnerships to consolidate Visionstate as a leader in the smart technology sector. The Company has developed partnerships with established, global companies to increase sales and to enhance the technology. This includes integrating smart dispensers developed by established brands. Data generated by these devices are collected in the Wanda database and analyzed collectively with other data sources including information input by the front-line workers. This strategy strengthens the Wanda solution in the marketplace as it increasingly becomes a hub for all data generated by sensor driven devices.

Also, because of the company's global distribution agreement, Visionstate IoT is able to focus on developing new technology to continue building value into the solution. This is in part enhanced by the monthly retainer fees the Company is generating through the agreement. In the fiscal year 2020, the Company enhanced its technology by developing cleaning protocol features for its mobile app as well as tracking occupancy levels by leveraging people counting sensors and the Wanda device.

In October 2020, the Company developed an RFID application for an oil and gas company. This technology is being applied to the Wanda solution, enabling facility managers to track the time spent by employees in specific areas such as restrooms and common areas. Tracking time spent in defined areas provides insight into employee efficiency which is a key performance driver for facility managers.

Overall Performance

During the fiscal year 2020, Visionstate Corp. was focused on continuing to build its relationship with its global distribution partner, Bunzl. This partnership has commenced to significantly advance the WANDA product's footprint through Bunzl's global reach giving Visionstate the opportunity to entrench itself in with the major players in the facility management industry, and to continue the development of smart devices. Sales from this relationship continue to increase and will continue to manifest in a much larger way in fiscal 2021 as Bunzl continues to expand sales in the global marketplace.

During the fiscal year 2020 the company invested resources into two main things – research into Sensor technology and expanding the reach of the Wanda product through reseller and partner relationships.

During the quarter ended December 31, 2020, selling, general and administrative expenses decreased to \$68,964 from \$146,163 in the quarter ended December 31, 2019. This was a result of the Company qualifying for and receiving a federal government Covid payroll offset grant which helped subsidize a portion of the staffing payroll expenses, as well as reduced general operations costs.

Gross revenues for the quarter increased by \$23,661 to \$120,708 (\$97,047 in quarter ended December 31, 2019) (approximately 20%), and the gross margin percentage remained the same at 95% (2019 – 95%)

as a result of the Company taking on research and development work for its partner Bunzl on a monthly charge out basis as per the new signed agreement. Additionally, the sales of WANDA incur very little cost as a result of IFRS requirements to amortize the entire software cost. While this may have resulted in poorer results in previous years, it has created an opportunity for the Company to generate larger profits on WANDA sales once the cost of the software were amortized to zero. Management is anticipating further increases on margins as the reseller partnership with Bunzl grows, their team is fully trained and continues executing. Management believes that disruptive technology like WANDA is best sold through relationships with the large players in the industry rather than traditional sales methods. The Company believes this strategy, over the long term, will generate a greater amount of market penetration as it requires significantly less intervention at deployment and little to no inventory carrying costs and little to no investment in sales resources as well as reducing the potential for competition to enter the market when the big players are already committed to and selling the WANDA product.

Revenues are driven primarily by the sale of this IoT product and derived from recurring licensing and software support fees, thus as the number of units increase, so does the revenue.

As a result of the Bunzl partnership, management has successfully focused the Company's attention to the continued enhancement of the product software and left the sales and inventory management to the expertise of their partner. This will allow management to continue expanding the capabilities of the Wanda capability while collecting residual license and initial set up fees from Bunzl. Management will continue to monitor the results of this relationship very closely to ensure it is serving the company well.

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.

	2018	2019	2020
Total Revenue	\$ 200,484	\$ 113,774	\$ 130,144
Net Loss	\$ (762,157)	\$ (953,257)	\$ (722,670)
Basic and Diluted Net Loss per Common Share	\$ (0.01)	\$ (0.03)	\$ (0.02)
Total Assets	\$ 451,455	\$ 268,685	\$ 290,279
Total Long Term Financial Liabilities	\$ 33,121	\$ -	\$ 39,133

Results of Operations

The accompanying audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and operating division, Visionstate 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, 2020 were \$128,006 (\$101,714 for the quarter ended December 31, 2019). The increase in revenue was a result of increased license fees from prior sales of Wanda licenses and sales of contracted development work, as well as interest earned from a prior investment. The gross margin for the quarter ended December 31, 2020 was \$120,708 (\$97,047 for the quarter ended December 31, 2019). The Gross Margin percentage for this quarter remained the same at 95% as quarter ended December 31, 2019. Management believes that its cost of sales will continue to remain low as the cost of developing the software have been totally amortized and returns on prior sales license fees continue to grow.

Selling, General and Administrative

Selling, general and administrative expenses for the quarter ending December 31, 2020 were \$68,964 (\$146,163 for the quarter ended December 31, 2019). These costs include research expenses, as well as public company compliance fees, investor relations costs, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses have decreased as a result of an offset to payroll expenses from a federal Covid 19 payroll relief grant through the National Research Council IRAP program, as well as a decrease in general overhead.

Summary of Quarterly Results

Description	Oct 20 – Dec 20	Jul 20 – Sep 20	Apr 20 – Jun 20	Jan 20 – Mar 20	Oct 19 – Dec 19	Jul 19 – Sep 19	Apr 19 – Jun 19	Jan 19 – Mar 19
Total Revenue	128,006	49,081	18,156	20,256	42,651	7,649	21,265	29,226
Net Income (Loss)	40,893	(404,482)	(63,023)	(192,572)	(62,593)	(526,211)	(198,951)	(131,919)
Basic and Diluted Net Loss Per Common Share	\$.00	(.02)	(.00)	(.00)	(.03)	(.03)	(.00)	(.00)

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.

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 client 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 year end, the Company had negative working capital 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 deploy its product and establish strategic reseller and other relationships and expanding its global penetration and is currently in discussions with its partner for a new product the Company is currently developing that is strategic to mass market penetration.

Related Party Transactions

During the quarter ended December 31, 2020, the Company paid management fees and accounting fees in the amount of \$9,000 (2019 - \$9,000) which is included in selling, general and administrative expenses to companies controlled by members of management and \$5,443 (2019 - \$10,611) in interest to related parties.

Advances from Related Parties

	December 31, 2020	September 30, 2020
Due to an individual related to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	\$ 13,365	\$ 13,365
Due to a company owned by an individual related to a director, unsecured, interest payable at 12% and without specified terms of repayment	1,872	1,872
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	6,156	8,805
Due to a former director, unsecured, interest payable monthly at 10% per annum, and due on demand	73,700	73,700
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	2,500	2,500
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	22,788	22,788
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	44,920	44,920
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	10,000	10,000
Due to a company owned by a director, unsecured, interest payable monthly at 10% per annum and without specified terms of repayment	38,986	38,986
	\$ 214,287	\$216,936

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

Share Data

Shares Outstanding: 91,345,081 common shares as at March 1, 2021.

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at March 1, 2021.

Common Share Purchase Warrants Outstanding: 84,520,081 as at March 1, 2021

Financial Instruments

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

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
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.

As at December 31, 2020, the investment 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 assets is \$ 42,111 as at December 31, 2020. 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. At September 30, 2018, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	December 31, 2020	September 30, 2020
Current	\$ 31,814	\$ 6,121
31 – 90 days	6,115	1,100
91+ days	4,182	4,955
	\$ 42,111	\$ 12,176

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 \$165,489 convertible debenture is due on demand. The Company is currently negotiating with debenture holders to extend the terms or convert their debentures to shares. The Company is actively working toward increasing activities to improve sales of its software to meet future working capital requirements, but it may have to seek equity or debt financing

At December 31, 2020, the Company had \$Nil cash and accounts receivable of \$42,111 (2019 - \$69,450) with which to meet its obligations. At December 31, 2020 the Company had a working capital deficiency of \$1,238,916 (\$1,022,495 December 31, 2019).

The contractual maturity of the Company's liabilities of \$1,309,946 at December 31, 2020 (\$1,121,189 December 31, 2019) is due on demand.

Interest Rate Risk

Interest rate risk is the risk that the fair value of 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 \$2,165,500 (December 31, 2019 - \$1,908,678) share capital of \$8,398,121 (December 31, 2019 - \$8,199,341), warrant reserve of \$646,022 (December 31, 2019 - \$646,022), advances from related parties of \$214,287 (December 31, 2019 - \$206,684) and convertible debentures of \$165,489 (December 31, 2019 - \$199,924) 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 is successfully managing its relationship with its reseller and 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, 2019.

Future Plans and Outlook

Company management anticipates growth for Visionstate IoT in 2021 as a result of the COVID-19 pandemic and the relevance of the Wanda solution in tracking new cleaning protocols. The Company's focus will be on customer acquisition to continue building the residual based income. As a result of the Company's new global distribution agreement signed in September 2020, Visionstate will also be generating revenue from monthly retainer fees which represents a new revenue source.

As a Company based on the SaaS model, Visionstate expects to raise more capital in the second quarter of the 2021 fiscal year for the purposes of technology enhancement and customer acquisition. Increased customer acquisition is a measure of success for SaaS companies since each new customer adds to the monthly residual income. Visionstate will continue to leverage its global partnerships to facilitate new sales and build the sales pipeline.

The Company will continue to invest in new technology to further position Visionstate IoT Inc. as a global leader in smart technology. This includes the addition of RFID features and the development of new agnostic sensors that can retrofit top brands in restroom dispensers.

Impact of COVID-19

Although Visionstate's IoT (Internet of Things) technology is an important solution for tackling the virus on the front lines, the Company did experience a temporary slowdown in sales, particularly in the early stages of the outbreak where our customers were focused exclusively on dealing with the impacts of COVID-19 and the subsequent shut down of the global economy.

However, as economies and facilities begin to reopen, a new mind set has emerged as it pertains to cleaning and hygiene. No longer are cleaning practices taken for granted, and in fact customers now expect a heightened commitment to cleaning protocols. Additionally, as schools reopen in the winter of 2021, it is incumbent upon facility managers to ensure the health of these students, in the same way businesses must take proactive measures to protect their own customers.

In the meantime, Visionstate has been responding to the market demand. The Company has released a new compliance feature that provides real time data on cleaning protocols and whether they are being met. Visionstate, using its people counter sensors, has also developed a new feature for occupancy levels in restrooms and other areas, again, a response to COVID-19 and the need to social distance. Finally, the team at Visionstate is working on making Wanda essentially touchless to patrons who want to leave

feedback. Complementing the “Touch for Service” button on the Wanda display will be the ability to scan a code to provide that information on mobile phones. Although we do use an antimicrobial overlay on every Wanda, perception is important, and Visionstate feels it’s necessary to provide the public with that option.

With the staged reopening of the North American economies coming in 2021, Visionstate management expects significant growth in both sales and sales pipeline. The addition of the Company’s two new products, WandaMOBILE and IoT Quicktouch buttons for alerts, has helped sales considerably due to their fast deployment and no requirement for infrastructure investment, including power and Internet.