Management Discussion and Analysis

Dated: January 28, 2021

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the fiscal year ended September 30, 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 consolidated 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 eight months, 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, after the fiscal year end September 30, 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 year ended September 30, 2020, selling, general and administrative expenses decreased to $438,276 from $445,151 in the year ended September 30, 2019.

Gross revenues for the year increased by $16,370 to $130,144 ($113,774 in September 2019) from that of the previous year (approximately 14%) as management continued to work with its partners to focus on creating the infrastructure to support sales expansion. The gross margin percentage increased to 93% (2019 – 56%) as a result of increased sales by reseller partners carrying the cost of inventory, sales and marketing. Management believes that disruptive technology like WANDA are 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.

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 proportionally does the revenue.

Selected Annual Information

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

	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 IoT Inc. and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include all of the disclosures normally contained in the Company's annual financial statements.

Revenue

Total revenues for the fiscal year ended September 30, 2020 were $130,144 ($113,774 for the year ended September 2019). The increase in revenue was mainly a result of the Company's increased focus on expanding Wanda sales through its partnership with Bunzl and Bunzl's momentum. In the past, Company revenues were affected by the fact that Visionstate had relied on one product, VICCI, the interactive directory, for most of its sales, and as a result, revenues fluctuated according to the roll out schedule determined by the customer. This is no longer the case as the Company is expanding its sales efforts into other global markets. In the fiscal year ended September 2020, Management focused on further strengthening its relationship with Bunzl with the intent that sales from that effort will pay off in the following fiscal years.

The gross margin for the fiscal year ended September 30, 2020 was $121,086 ($49,403 for the year ended September 30, 2019). The Gross Margin percentage for this year increased to 93% (2019 – 43%) as a result of Bunzl momentum in client reach. Management believes that its cost of sales will remain low as a result of its distributorship agreements which will allow for large inventory orders directly from the manufacturer bypassing the markup from the US based resellers and the exchange rates related to inventory purchases; additionally management believes that offloading the sales effort to distribution partners allows it to focus resources on research and expansion of the product footprint without additional overhead.

Selling, General and Administrative

Selling, general and administrative expenses for the year ending September 30, 2020 were $438,276 ($445,151 for the year ended September 30, 2019). These costs include research expenses for the sensor project as well as marketing and sales expenses, public company costs including AGM and Special Meeting costs, investor relations costs, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses have increased as a result of increased public company costs including governance costs and compliance fees.

Summary of Quarterly Results

Description	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	Oct 18 – Dec 18
Total Revenue	49,081	18,156	20,256	42,651	4,649	21,265	29,226	58,634
Net Loss	(404,482)	(63,023)	(192,572)	(62,593)	(526,211)	(198,951)	(131,919)	(96,176)
Basic and Diluted Net Loss Per Common Share	(.01)	(.00)	(.00)	(.03)	(.02)	(.00)	(.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

The Company paid management fees and accounting fees in the amount of $36,000 (2019 - $36,000) which is included in selling, general and administrative expenses to companies controlled by members of management.

The Company paid $23,439 (2019 - $15,286) in interest to related parties during the fiscal year ended September 30, 2020.

The Company paid Officer and Director Stipends in the amount of $135,000 in the current fiscal year (2019 - $161,000).

The Company paid salaries to key management in the amount of $78,000 (2019 - $73,200) during the year ended September 30, 2020.

Advances from Related Parties	September 30, 2020	September 30, 2019
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	8,805	5,159
Due to a former director, unsecured, interest payable monthly at 10% per annum, due on demand	73,700	73,700
Due to a former director, unsecured, interest payable monthly at 10% per annum, due on demand	10,000	-
Due to a director, unsecured, interest payable at 10% per annum, and without specified terms of repayment	2,500	5,000
Due to a director, unsecured, interest payable at 10% per annum, and without specified terms of repayment	22,788	8,800
Due to an officer, unsecured, interest payable at 10% per annum, and without specified terms of repayment	44,920	7,500
Due to a company owned by an officer, unsecured, interest payable monthly at 10% per annum, and without specified terms of repayment	38,986	39,518
	$ 216,936	$ 154,914

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

Share Data

Shares Outstanding: 52,678,281 common shares as at January 28, 2021.

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at January 28, 2021.

Common Share Purchase Warrants Outstanding: 22,233,699 as at January 28, 2021

Adoption of new accounting standards

On October 1, 2019 ("date of transition"), the Company adopted IFRS 16 Leases, which replaced the guidance from IAS 17 Leases. Adopting IFRS 16 has resulted in significant changes to accounting policies for the definition of a lease, recognition and calculation of a right-of-use asset and lease obligation. The Company adopted this standard using the modified retrospective approach. Accordingly, the comparative information presented for the year ended September 30, 2019 has not been restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Previously, the Company determined at contract inception whether an arrangement was or contained a lease. On adoption of IFRS 16, the Company now assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Company elected to apply the practical expedient permitted by the standard to grandfather the assessment of which transactions are leases. IFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 were not reassessed using the definition of a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 has been applied to contracts entered into or changed on or after October 1, 2019.

The right-of-use asset is initially measured at cost, which reflects the discounted present value of the future lease payments from the commencement of the lease less depreciation to the date of application of the new standard. Right-of-use assets are subsequently depreciated from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of use-asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease obligation.

The lease obligation is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined the lessee's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

On adoption of IFRS 16, the Company determined the lease obligation based on the present value of the office lease payments using an incremental borrowing rate of 15% as of October 1, 2019.

The impact of the adoption of IFRS 16, as at October 1, 2019, are as follows:

Right-of-use assets	$	32,515
Lease obligation		(43,008)
Shareholders deficit		10,493

The following table provides a reconciliation of the office lease commitments as at September 30, 2019 to the Company's lease liabilities as at October 1, 2019:

Operating lease commitments at September 30, 2019	$	69,510
Effect of discounting using the incremental borrowing rate		(26,502)
Lease liabilities recognized as at October 1, 2019	$	43,008

Future Accounting Pronouncements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively.

The Company is currently evaluating the impact of this amendment on its financial statements and will apply the amendments from the effective date.

Financial Instruments

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

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

Financial statement item	Classification and measurement
Cash and bank indebtedness	Amortized cost
Accounts receivable	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Advances from related parties	Amortized cost
Promissory note payable	Amortized cost
Long Term Debt	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.

As at September 30, 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 asset is $12,176 at September 30, 2020 (2019 - $12,265). 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. No accounts information. At September 30, 2020, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	September 30, 2020	September 30, 2019
Current	$ 6,121	$ 2,443
31 – 90 days	1,100	972
91+ days	4,955	8,850
	$ 12,176	$ 12,265

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

At September 30, 2020, the Company had accounts receivable of $12,176 (2019 - $12,265) with which to meet its obligations. At September 30, 2020 the Company had a working capital deficiency of $1,283,424 (2019 - $959,902).

The contractual maturity of the Company's liabilities of $1,284,375 at September 30, 2020 (2019 - $980,467) 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 $2,165,500 (September 30, 2019 - $1,908,678) share capital of $8,398,121 (September 30, 2019 - $8,199,341), warrant reserve of $646,022 (September 30, 2019 - $697,179), advances from related parties of $216,936 (September 30, 2019 – $154,914) and convertible debentures of $165,489 (September 30, 2018 – $177,867) 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, 2020.

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.