

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F/A
(Amendment No. 2)

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report 1

Commission file number: 001-39885

VERSUS SYSTEMS INC.
(Exact name of Registrant as Specified in Its Charter)

N/A
(Translation of Registrant's Name into English)

British Columbia
(Jurisdiction of Incorporation or Organization)

1558 West Hastings Street
Vancouver BC V6G 3J4 Canada
(Address of Principal Executive Offices)

Matthew Pierce
6701 Center Drive West, Suite 480
Los Angeles, CA 90045
pierce@versussystems.com
(310) 242-0228
(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	VS	The Nasdaq Capital Market
Unit A Warrants	VSSYW	The Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report: At December 31, 2021, 15,554,255 common shares and were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note-checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Auditor Name: Ramirez Jimenez International CPAs

Auditor Location: Irvine, CA

Auditor Firm ID: 820

EXPLANATORY STATEMENT

This Amendment No. 2 on Form 20-F (this "Amendment") to the Annual Report on Form 20-F of Versus Systems Inc. (the "Company," "we," "us," or "our") filed with the Securities and Exchange Commission on April 1, 2022 and amended on August 23, 2022 (as amended, "Form 20-F") is being filed to address comments from the Staff of the Securities and Exchange Commission (the "SEC") relating to Note 4 to our audited financial statements for the year ended December 31, 2021. Accordingly, pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are restating in their entirety the following sections of our Form 20-F: (i) Part III - Item 18 (Financial Statements), including our audited financial statements referenced therein; and (ii) Part III - Item 19 (Exhibits).

This Amendment does not reflect subsequent events occurring after the original filing date of the Form 20-F or modify or update in any way the financial statements, consents or any other items disclosures made in the Form 20-F in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment should be read in conjunction with the Form 20-F and our other filings with the SEC subsequent to the filing of the Form 20-F.

Pursuant to Rule 12b-15 under the Exchange Act, this Amendment also contains new certifications under the Sarbanes-Oxley Act of 2002, which are attached hereto.

PART I

ITEM 18. FINANCIAL STATEMENTS.

Our Annual Financial Statements are included at the end of this Amendment.

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PART III

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference		
		Form	Filing Date	Exhibit Number

2.1	Description of Registered Securities	20-F	5/5/2021	2.1
3.1	Notice of Articles of Versus Systems Inc.	F-1	11/20/2020	3.1
3.2	Articles of Versus Systems Inc.	F-1	11/20/2020	3.1
4.1	Specimen Stock Certificate evidencing common shares.	F-1/A	1/11/2021	4.1
4.2	Warrant Agent Agreement dated January 20, 2021 between Versus System Inc. and Computershare, including forms of Unit A Warrants and Unit B Warrants.	6-K	1/21/2021	99.2
4.3	Representative Warrant Agreement dated January 20, 2021.	F-1/A	12/14/2020	4.3
10.1	Form of Loan Agreement, including form of promissory note, between Versus Systems Inc. and Brian Tingle.	F-1	11/20/2020	10.1
10.2	Form of Loan Agreement, including form of promissory note, between Versus Systems Inc. and The Sandoval Pierce Family Trust Established May 20, 2015.	F-1	11/20/2020	10.2
10.3	Employment Agreement dated as of June 30, 2016 among Versus Systems Inc. (formerly Opal Energy Corp.), Matthew D. Pierce and Versus LLC.	F-1	11/20/2020	10.3
10.4	Employment Agreement dated as of May 1, 2019 among Versus Systems Inc., Craig C. Finster and Versus LLC.	F-1	11/20/2020	10.4
10.5	Employment Agreement dated as of May 1, 2020 among Versus Systems Inc., Keyvan Peymani and Versus LLC.	F-1	11/20/2020	10.5
10.6	Form of Warrant of Versus Systems Inc.	F-1	11/20/2020	10.6
10.7	Versus Systems Inc. 2017 Stock Option Plan	F-1	11/20/2020	10.7
10.8	Acquisition Agreement dated as of March 16, 2016 among Versus Systems Inc. (formerly Opal Energy Corp.), Versus Systems (Holdeo) Corp. (formerly Opal Energy (Holdeo) Corp.), Versus LLC and the selling members of Versus LLC	F-1	11/20/2020	10.8
10.9	Software License, Marketing and Linking Agreement dated as of March 6, 2019 between HP Inc. and Versus LLC.	F-1	11/20/2020	10.9
12.1	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		*	

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12.2	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		*	
13.1	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		*	
13.2	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		*	
14.1	Code of Conduct and Ethics.	F-1/A	1/11/2021	14.1
15.1	Consent of Davidson & Company LLP		*	
15.2	Consent of Ramirez Jimenez International CPAs		*	
21.1	List of Subsidiaries of Versus Systems Inc.	F-1	11/20/2020	21.1
24.1	Power of Attorney (included on signature page).			
99.1	Charter of the Audit Committee.	F-1/A	1/11/2021	99.1
99.2	Charter of the Compensation Committee.	F-1/A	1/11/2021	99.2
99.3	Charter of the Nominating and Corporate Governance Committee.	F-1/A	1/11/2021	99.3
101.INS	Inline XBRL Instance Document.			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith.

Portions of this exhibit have been redacted in compliance with Item 601(b)(10) of Regulation S-K. Schedules, exhibits and similar supporting attachments to this exhibit are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish a supplemental copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this amendment to annual report on its behalf.

Versus Systems Inc.

By: /s/ Matthew Pierce

Name: Matthew Pierce

Title: *Chief Executive Officer*

Date: September 8, 2022

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Audited Financial Statements for the Years Ended December 31, 2020 and 2021

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CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

YEARS ENDED

DECEMBER 31, 2021, 2020 AND 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Versus Systems Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Versus Systems Inc. (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of loss and comprehensive loss, changes in equity (deficit), and cash flows for the years ended December 31, 2020, 2019 and 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended December 31, 2020, 2019 and 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2003.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

November 30, 2021



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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Versus Systems Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying statement of financial position of Versus Systems Inc. and its subsidiaries (collectively, the Company) as of December 31, 2021, and the related consolidated statements of loss and comprehensive loss, changes in equity (deficit), and cash flows for the year ended December 31, 2021, and the related notes to the consolidated financial statements (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Versus Systems Inc. and its subsidiaries as of December 31, 2021, and the results of their operations and their cash flows for the year ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Versus Systems Inc. and its subsidiaries in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Versus Systems Inc. and its subsidiaries are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the Audit Committee of the Board of Directors and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Capitalized Software Costs

Critical Audit Matter Description

As discussed in Notes 3 and 10 to the consolidated financial statements, during the year ending December 31, 2021, the Company reviewed carrying amounts of its capitalized software costs to determine whether the costs are properly capitalized, properly amortized and tested such costs for possible impairment.

How the Critical Audit Matter was Addressed in our Audit

We identified the capitalization of software costs as a critical audit matter as subjective auditor judgment was required to evaluate whether capitalized software costs were properly capitalized and to assess whether there was any impairment.

The following are the primary procedures we performed to address this critical audit matter:

- Evaluated and discussed with management, their analysis over the valuation and accounting treatment over capitalized software costs;
- Obtained capitalized software roll forward and tested selected additions;
- Recalculated capitalized costs based on gross employees wages and the development percentage effort expended to assess appropriateness of capitalized labor costs as allowed by the accounting guidance.
- Discussed with management regarding their process for developing percentage applied, as well, as its appropriateness as allowed by the appropriate accounting guidance;
- Tested the appropriateness of capitalized labor costs included in capitalized software costs as allowed by the accounting guidance through direct confirmation of job duties and review of contractor agreements)
- Tested the amortization of the balance of capitalized software costs to ensure amortization was in compliance with the appropriate accounting guidance; and
- Performed substantive tests of details to ensure all attributes of these costs were costs that were capitalizable under the appropriate accounting guidance; and
- Tested the balance for possible impairment, noting none.

Ramirez Jimenez International CPAs

Irvine, California
March 31, 2022

Ramirez Jimenez International CPAs
18012 Sky park Cir Suite 200
Irvine, CA 92614
Firm ID 820

We have served as Versus Systems Inc. and its subsidiaries since 2021.

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Versus Systems Inc.

Consolidated Statements of Financial Position
(Expressed in US Dollars)

	December 31, 2021	December 31, 2020	December 31, 2019
	(\$)	(\$)	(\$)
ASSETS			
Current assets			
Cash	1,678,156	2,283,262	76,373
Receivables, net of allowance (Note 5)	123,617	464,873	34,180
Deferred financing costs (Note 3)	174,813	398,276	-
Prepays	377,926	18,225	21,558
	<u>2,354,512</u>	<u>3,164,636</u>	<u>132,111</u>
Restricted deposit (Note 6)	9,068	8,851	8,853
Deposits	100,000	98,393	99,998
Property and equipment (Note 7)	326,945	481,861	730,560
Goodwill	6,580,660	-	-
Intangible assets (Note 10)	9,172,507	1,737,416	2,140,375
Total Assets	<u>18,543,692</u>	<u>5,491,157</u>	<u>3,111,897</u>

LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities (Note 11 and 14)	832,399	1,459,707	750,889
Deferred revenue	193,504	-	-
Notes payable - Related Party (Note 12)	2,107,668	2,290,798	-
Lease liability (Note 19)	239,323	209,137	252,789
Current liabilities	3,372,894	3,959,642	1,003,678
Non-current liabilities			
Lease liability (Note 19)	128,560	432,114	612,287
Warrant liability (Note 13)	361,055	-	-
Notes payable - Related Party (Note 12)	678,515	2,237,751	3,706,518
Total liabilities	4,541,024	6,629,507	5,322,483
Equity (Deficit)			
Share capital (Note 13)			
Common shares	110,226,715	82,046,673	74,639,357
Commitment to issue shares (Note 13)	2,703,326	-	-
Class "A" shares	28,247	28,247	28,247
Share subscriptions received in advance	-	-	230,947
Reserves (Note 13)	10,661,294	8,663,301	7,409,092
Cumulative translation adjustment	-	(86,608)	31,020
Deficit	(100,995,333)	(86,596,262)	(80,820,208)
	22,624,249	4,055,351	1,518,455
Non-controlling interest (Note 8)	(8,621,581)	(5,193,701)	(3,729,041)
	14,002,668	(1,138,350)	(2,210,586)
Total Liabilities and Equity	18,543,692	5,491,157	3,111,897

Nature of operations (Note 1)

Commitments (Note 19)

Subsequent events (Note 21)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2022. They are signed on behalf of the Board of Directors by:

"Matthew Pierce"

Director

"Brian Tingle"

Director

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Versus Systems Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in US Dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
	(\$)	(\$)	(\$)
REVENUES			
Revenues	768,650	1,390,018	501,152
EXPENSES			
Amortization (Note 7)	304,904	240,820	246,626
Amortization of intangible assets (Note 10)	2,009,714	1,272,435	1,907,306
Consulting fees (Note 3)	582,998	465,252	613,608
Foreign exchange (gain) loss	1,087,110	24,719	29,241
Office and miscellaneous expenses	557,606	255,863	320,318
Interest expense	153,425	234,087	248,508
Professional fees (Note 14)	2,711,916	780,534	335,851
Salaries and wages (Note 11 and 14)	5,202,213	2,564,830	2,451,627
Sales and marketing	879,683	486,249	593,462
Software delivery costs	615,117	257,924	184,350
Share-based compensation (Note 13)	2,145,928	1,049,135	632,542
Total operating loss	(15,481,964)	(6,241,830)	(7,062,287)
Finance expense (Note 12)	(225,196)	(276,602)	(194,039)
Change in fair value of warrant liability (note 13)	(2,024,580)	-	-
Loss on disposal of marketable securities and notes payable	(116,152)	(378,718)	-
Other expense	-	(13,890)	-
Net loss	(17,847,892)	(6,911,040)	(7,256,326)
Other comprehensive loss:			
Foreign currency transaction loss	-	(447,302)	(266,048)
Loss and comprehensive loss	(17,847,892)	(7,358,342)	(7,522,374)

Total other comprehensive loss attributable to:			
Shareholders	-	(117,629)	(344,516)
Non-controlling interest	-	(329,673)	78,108
	-	(447,302)	(266,408)
Comprehensive loss attributable to:			
Shareholders	(14,399,072)	(5,893,682)	(5,521,772)
Non-controlling interest	(3,448,820)	(1,464,660)	(2,000,962)
	(17,847,892)	(7,358,342)	(7,522,734)
Basic and diluted loss per common share attributable to Versus Systems Inc.	(1.01)	(0.59)	(0.74)
Weighted average common shares outstanding	14,292,419	9,724,701	7,032,150

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Versus Systems Inc.

Consolidated Statements of Changes in Equity (Deficit)

(Expressed in US Dollars)

	Number of Common Shares	Number of Class "A" Shares	Common Shares (\$)	Commitment to issue shares (\$)	Class "A" Shares (\$)	Reserves (\$)	Share subscriptions received (\$)	Currency translation adjustment (\$)	Deficit (\$)	Equity (\$)	Non- controlling Interest (\$)	Total Equity (Deficit) (\$)
Balance at December 31, 2018	5,717,412	5,057	68,602,732	-	28,247	6,222,348	-	375,536	(72,040,617)	3,188,246	(3,800,711)	(612,465)
Shares issued in private placement	2,003,164	-	4,766,079	-	-	151,535	-	-	-	4,917,614	-	4,917,614
Share subscriptions received	-	-	-	-	-	-	230,947	-	-	230,947	-	230,947
Acquisition of Versus LLC	576,834	-	1,410,581	-	-	119,122	-	-	(3,602,335)	(2,072,632)	2,072,632	-
Share issuance costs	-	-	(492,151)	-	-	62,498	-	-	-	(429,653)	-	(429,653)
Contribution benefit	-	-	-	-	-	223,913	-	-	-	223,913	-	223,913
Exercise of warrants	154,990	-	343,703	-	-	(6,220)	-	-	-	337,483	-	337,483
Performance warrants issued	-	-	-	-	-	9,756	-	-	-	9,756	-	9,756
Exercise of options	3,125	-	8,413	-	-	(6,401)	-	-	-	2,012	-	2,012
Stock-based compensation	-	-	-	-	-	632,542	-	-	-	632,542	-	632,542
Cumulative translation adjustment	-	-	-	-	-	-	-	(344,516)	-	(344,516)	78,108	(266,409)
Loss and comprehensive loss	-	-	-	-	-	-	-	-	(5,177,257)	(5,177,257)	(2,079,069)	(7,256,326)
Balance at December 31, 2019	8,455,525	5,057	74,639,357	-	28,247	7,409,092	230,947	31,020	(80,820,209)	1,518,455	(3,729,041)	(2,210,586)
Shares issued in private placement	947,532	-	2,870,313	-	-	42,164	-	-	-	2,912,477	-	2,912,477
Share subscriptions received	-	-	230,947	-	-	-	(230,947)	-	-	-	-	-
Contribution benefit	-	-	-	-	-	170,329	-	-	-	170,329	-	170,329
Exercise of warrants	1,056,143	-	3,542,474	-	-	-	-	-	-	3,542,474	-	3,542,474
Shares issued for services and investment	270,636	-	753,583	-	-	-	-	-	-	753,583	-	753,583
Exercise of options	3,750	-	9,999	-	-	(7,419)	-	-	-	2,580	-	2,580
Stock-based compensation	-	-	-	-	-	1,049,135	-	-	-	1,049,135	-	1,049,135
Cumulative translation adjustment	-	-	-	-	-	-	-	(117,629)	-	(117,629)	(329,673)	(447,302)
Loss and comprehensive loss	-	-	-	-	-	-	-	-	(5,776,053)	(5,776,053)	(1,134,987)	(6,911,040)
Balance at December 31, 2020	10,733,586	5,057	82,046,673	-	28,247	8,663,301	-	(86,609)	(86,596,262)	4,055,351	(5,193,701)	(1,138,350)
Shares issued in public offering	1,472,000	-	11,040,000	-	-	-	-	-	-	11,040,000	-	11,040,000
Share issuance costs	-	-	(1,548,277)	-	-	-	-	-	-	(1,548,277)	-	(1,548,277)
Exercise of warrants	96,280	-	379,814	-	-	(22,905)	-	-	-	356,909	-	356,909
Shares issued in exchange for debt	215,341	-	1,615,058	-	-	-	-	-	-	1,615,058	-	1,615,058
Stock-based compensation	-	-	-	-	-	66,616	-	-	-	66,616	-	66,616
Cumulative translation adjustment	-	-	-	-	-	-	-	(93,521)	-	(93,521)	(262,106)	(355,627)
Net loss	-	-	-	-	-	-	-	-	(9,573,290)	(9,573,290)	(995,875)	(10,569,165)

Change in accounting policy - presentation currency (Note 4)	-	-	-	-	-	-	-	180,130	180,130	283,046	463,176	
Balance at February 1, 2021	<u>12,517,207</u>	<u>5,057</u>	<u>93,533,267</u>	<u>-</u>	<u>28,247</u>	<u>8,707,012</u>	<u>-</u>	<u>0</u>	<u>(96,169,552)</u>	<u>6,098,975</u>	<u>(6,168,636)</u>	<u>(69,660)</u>
Shares issued in connection with acquisition	1,550,649	-	10,532,735	-	-	-	-	-	-	10,532,735	-	10,532,735
Commitment to issue shares	-	-	-	2,703,326	-	-	-	-	-	2,703,326	-	2,703,326
Shares issued for services	29,307	-	206,614	-	-	-	-	-	-	206,614	-	206,614
Contribution benefit	-	-	-	-	-	-	-	-	-	-	-	-
Exercise of warrants	1,339,053	-	5,555,728	-	-	(108,960)	-	-	-	5,446,768	-	5,446,768
Exercise of options	118,039	-	408,370	-	-	(16,071)	-	-	-	392,299	-	392,299
Stock-based compensation	-	-	-	-	-	2,079,312	-	-	-	2,079,312	-	2,079,312
Loss and comprehensive loss	-	-	-	-	-	-	-	-	(4,825,781)	(4,825,781)	(2,452,945)	(7,278,726)
Balance at December 31, 2021	<u>15,554,255</u>	<u>5,057</u>	<u>110,236,715</u>	<u>2,703,326</u>	<u>28,247</u>	<u>10,661,294</u>	<u>-</u>	<u>0</u>	<u>(100,995,333)</u>	<u>22,624,249</u>	<u>(8,621,581)</u>	<u>14,002,668</u>

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Versus Systems Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)	Year Ended December 31, 2019 (\$)
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Loss for the year	(17,847,892)	(6,911,040)	(7,256,326)
Items not affecting cash:			
Amortization (Note 6)	30,793	17,937	21,453
Amortization of intangible assets (Note 9)	2,009,714	1,272,435	1,907,306
Amortization of right-of-use assets (Note 7)	304,904	240,820	246,626
Shares issued for services	206,614	242,023	-
Finance expense	225,197	276,602	194,039
Loss on sale of investment	-	378,718	-
Interest expense	39,836	62,076	206,193
Factoring fees	-	38,727	-
Effect of foreign exchange	516,877	(410,189)	(68,676)
Change in fair value of warrant liability	361,055	-	-
Forgiveness on government loan (Note 12)	-	(448,504)	-
Share-based compensation	2,145,928	1,049,135	632,542
Changes in non-cash working capital items:			
Receivables	378,976	(430,693)	(30,679)
Prepays and deposits	(183,390)	3,332	24,161
Deferred revenue	70,333	-	-
Accounts payable and accrued liabilities	(1,152,162)	381,854	(8,311)
Cash used in operating activities	<u>(12,893,217)</u>	<u>(4,236,767)</u>	<u>(4,131,672)</u>
FINANCING ACTIVITIES			
Proceeds from notes payable	-	968,674	2,027,457
Proceeds from Government PPP loan	-	638,905	-
Repayment of notes payable	(462,229)	(258,661)	(968,587)
Proceeds from warrant exercises	5,446,769	-	-
Proceeds from share issuances	11,040,000	6,465,288	5,118,196
Proceeds from option exercises	392,299	-	-
Payments for lease liabilities	(282,087)	(305,493)	(270,668)
Receivable factoring costs	-	(38,727)	-
Proceeds from issuance of common shares	-	-	-
Proceeds from subscriptions received in advance	-	-	230,947
Payments of share issuance costs	(1,334,814)	(81,424)	(492,151)
Cash provided by financing activities	<u>14,799,938</u>	<u>7,388,562</u>	<u>5,645,194</u>
INVESTING ACTIVITIES			
Acquisition of a business	(85,101)	-	-
Purchase of equipment	(74,478)	-	-
Proceeds from the sale of investments	-	141,928	-
Development of intangible assets	(2,352,248)	(1,086,834)	(1,462,071)

Cash used in investing activities	(2,511,827)	(944,906)	(1,462,071)
Change in cash during the period	(605,106)	2,206,889	51,451
Cash - Beginning of period	2,283,262	76,373	24,922
Cash - End of period	1,678,156	2,283,262	76,373

Supplemental Cash Flow Information (Note 18)

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VERSUS SYSTEMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Expressed in United States dollars)



1. NATURE OF OPERATIONS

Versus Systems Inc. (the “Company”) was continued under the Business Corporations Act (British Columbia) effective January 2, 2007. The Company’s head office and registered and records office is 1558 West Hastings Street, Vancouver, BC, V6C 3J4, Canada. The Company’s common stock is traded on the NASDAQ under the symbol “VS”. The Company’s Unit A warrants are traded on NASDAQ under “VSSYW”.

The Company is engaged in the technology sector and has developed a proprietary prize and promotions tool allowing game developers and creators of streaming media, live events, broadcast TV, games, apps, and other content to offer real world prizes inside their content. The ability to win prizes drives increased levels of consumer engagement creating an attractive platform for advertisers.

In June 2021, the Company completed its acquisition of multimedia, production, and interactive gaming company Xcite Interactive, a provider of online audience engagement through its owned and operated XEO technology platform. The company partners with multiple professional sports franchises across Major League Baseball (MLB), National Hockey League (NHL), National Basketball Association (NBA) and the National Football League (NFL) as well as the Olympics, World Cup, and other global sporting events to drive in-stadium audience engagement as well as a software licensing business to drive audience engagement.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of December 31, 2021, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations and as such, there is substantial doubt as to the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

COVID-19 Pandemic

In March 2020 the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these consolidated financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (collectively, “IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2022.

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VERSUS SYSTEMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (continued)

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of Versus Systems Inc. and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>	<u>Proportion of Ownership Interest</u>	<u>Principal Activity</u>
Versus Systems (Holdco) Inc.	United States of America	66.8%	Holding Company
Versus Systems UK, Ltd.	United Kingdom	66.8%	Sales Company
Versus LLC	United States of America	66.8%	Technology Company
Xcite Interactive, Inc.	United States of America	100%	Technology Company

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and management's assessment of current events and other facts and circumstances that are considered to be relevant. Actual results could differ from these estimates.

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VERSUS SYSTEMS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in United States dollars)



2. BASIS OF PRESENTATION (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

ii) Economic recoverability and probability of future economic benefits of intangible assets

Management has determined that intangible asset costs which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

iii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Depreciation and Amortization

The Company's intangible assets and equipment are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net loss, and comprehensive income (loss) in future periods.

v) Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

vi) Revenue Recognition

The Company's contracts with customers may include promises to transfer multiple products and services. For these contracts, the Company accounts for individual performance obligations separately if they are capable of being distinct and distinct within the context of the contract. Determining whether products and services are considered distinct performance obligations may require significant judgment. Judgment is also required to determine the stand-alone selling price, for each distinct

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2. BASIS OF PRESENTATION (continued)

vii) Business combinations

Judgement was used in determining whether the acquisition of Xcite Interactive, Inc. was a business combination or an asset acquisition. Estimates were made as to the fair value of assets and liabilities acquired. In certain circumstances, such as the valuation of equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuers. The Company measured all the assets acquired and liabilities assumed at their acquisition-date fair values. The excess of the consideration paid over the acquisition-date fair values of the net assets acquired, was recognized as goodwill as of the acquisition date in business combination.

3. SIGNIFICANT ACCOUNTING POLICIES

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 6,427,899 (2020 – 4,671,713).

Property and equipment

Property and equipment is recorded at cost less accumulated amortization and any impairments. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Asset	Rate
Computers	Straight line, 3 years
Right of use assets	Shorter of useful life or lease term

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table shows the classification of financial instruments:

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Receivables	Amortized cost
Restricted deposit	Amortized cost
Deposit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Intangible assets excluding goodwill

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

As at December 31, 2021, the Company does not have any derivative financial assets and liabilities.

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Expenditure on research activities is recognized as an expense in the period in which it is incurred.



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangibles with a finite useful life are amortized and those with an indefinite useful life are not amortized. The useful life is the best estimate of the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company. The useful life is based on the duration of the expected use of the asset by the Company and the legal, regulatory or contractual provisions that constrain the useful life and future cash flows of the asset, including regulatory acceptance and approval, obsolescence, demand, competition and other economic factors. If an income approach is used to measure the fair value of an intangible asset, the Company considers the period of expected cash flows used to measure the fair value of the intangible asset, adjusted as appropriate for Company-specific factors discussed above, to determine the useful life for amortization purposes. If no regulatory, contractual, competitive, economic or other factors limit the useful life of the intangible to the Company, the useful life is considered indefinite.

Intangibles with a finite useful life are amortized on the straight-line method unless the pattern in which the economic benefits of the intangible asset are consumed or used up are reliably determinable. The Company evaluates the remaining useful life of intangible assets each reporting period to determine whether any revision to the remaining useful life is required. If the remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised remaining useful life. The Company's intangible asset is amortized on a straight-line basis over 3 years. In the year development costs are incurred, amortization is based on a half year.

Goodwill

The Company allocates goodwill arising from business combinations to each cash generating unit ("CGU") or group of CGUs that are expected to receive the benefits from the business combination. The carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

Deferred financing costs

Deferred financing costs consist primarily of direct incremental costs related to the Company's public offering of its common stock completed in January 2021 and a subsequent public offering completed in February 2022. Upon completion of the Company's public offering and financing any deferred costs were offset against the proceeds. The Company incurred \$174,813 during the year ended December 31, 2021.

Impairment of intangible assets excluding goodwill

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and



3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the costs incurred from the date when the intangible assets first meet the recognition criteria listed above. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs) are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset (or CGU) in prior years. A reversal of impairment losses is recognized immediately in profit or loss.

Income taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.



3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Leases

The lease liability is subsequently measure by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The Company applies IAS 36, Impairment of Assets, to determine whether the asset is impaired and account for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lease not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient, and accordingly allocates the consideration in the contract to lease and non-lease components based on the stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as such in the statements of income and comprehensive income.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grant

Government grant is recognized when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Government grant is recognized in profit or loss to offset the corresponding expenses on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

As of February 1, 2021, the warrants were considered a derivative liability since the obligation to issue shares was not fixed in the Company's functional currency. The derivative warrant liability was measured at fair value at issue with subsequent changes recognized in the consolidated statement of loss and comprehensive loss. A \$9,743,659 warrant derivative loss was recorded in the consolidated statement of loss and comprehensive loss beginning February 1, 2021 when the Company changed



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative financial assets (e.g. investments in warrants). Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Otherwise, share-based payments are measured at the fair value of goods or services received.

Revenue recognition

In general, the Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, where there is evidence of an arrangement, when the selling price is fixed or determinable, and when specific criteria have been met or there are no significant remaining performance obligations for each of the Company's activities as described below. Foreseeable losses, if any, are recognized in the year or period in which the loss is determined.

The Company earns revenue in three primary ways: 1) the sales of software-as-a-service (SAAS) from its interactive production software platform, 2) development and maintenance of custom-built software or other professional services, or 3) the sale of advertising.

The Company recognizes SAAS revenues from its interactive production sales over the life of the contract as its performance obligations are satisfied. Payment terms vary by contract and can be periodic or one-time payments.

The Company recognizes revenues received from the development and maintenance of custom-built software and other professional services provided upon the satisfaction of its performance obligation in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Performance obligations can be satisfied either at a single point in time or over time. For those performance obligations that are satisfied at a single point in time, the revenue is recognized at that time. For each performance obligation satisfied over time, the Company recognizes revenue by measuring the progress toward complete satisfaction of that performance obligation.

For revenues received from the sales of advertising, the Company is deemed the agent in its revenue agreements. The Company does not own or obtain control of the digital advertising inventory. The Company recognizes revenues upon the achievement of agreed-upon performance criteria for the advertising inventory, such as a number of views, or clicks. As the Company is acting as an agent in the transaction, the Company recognizes revenue from sales of advertising on a net basis, which excludes amounts payable to partners under the Company's revenue sharing agreements.



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company's contracts with customers may include promises to transfer multiple products and services. For these contracts, the Company accounts for individual performance obligations separately if they are capable of being distinct and distinct within the context of the contract. Determining whether products and services are considered distinct performance obligations may require significant judgment. Judgment is also required to determine the stand-alone selling price, for each distinct performance obligation.

As the Company's performance obligations are satisfied within 12 months, the Company has elected the practical expedients under IFRS 15, which allows the Company not to record any significant financing component as a result of financing any of its arrangements and not to capitalize cost incurred to obtain a contract.

Deferred revenue

Revenue recognition of sales is recorded on a monthly basis upon delivery or as the services are provided. Cash received in advance for services are recorded as deferred revenue based on the proportion of time remaining under the service arrangement as of the reporting date.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the United States dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company and its subsidiaries that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Net loss is the same as comprehensive loss for the year ended December 31, 2021. Net loss differs from comprehensive loss for the years ending December 31, 2020 and 2019, as a result of the change in presentation and functional currency.

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4. CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The Company changed its functional currency from the Canadian dollar ("CAD") to the United States dollar ("USD") as of February 1, 2021. The change in functional currency coincides with the January 2021 initial public offering and listing on the Nasdaq. Considering Versus' business activities, comprised primarily of United States dollar revenue and expenditures as well as United States dollar denominated financings, management determined that the functional currency of the Company is the United States dollar. All assets, liabilities, share capital, and other components of shareholders' equity (deficit) were translated into United States dollars at the exchange rate at the date of change. These changes have been accounted for prospectively. Concurrent with the change in functional currency, on February 1, 2021, the Company changed its presentation currency from the Canadian dollar to the United States dollar. This change in presentation currency is to better reflect the Company's business activities, comprised primarily of United States dollar transactions. The consolidated financial statements for all periods presented have been translated into the new presentation currency in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates. The consolidated statements of loss and comprehensive loss have been translated into the presentation currency using the average exchange rates prevailing during each quarterly reporting period. All monetary assets and liabilities previously reported in Canadian dollars have been translated into United States dollars as at February 1, 2021 and December 31, 2020 using the period-end noon exchange rates of 0.782 CAD/USD and 0.770 CAD/USD, respectively. As a practical measure, the non-monetary assets and liabilities and comparative shareholders' equity (deficit) balances were translated at historical rates. The comparative statements of net loss and cash flows were translated at a quarterly average of 0.745 CAD/USD for the year ending December 31, 2020. All resulting exchange differences have been recognized in the foreign currency translation reserve. The effect of applying different exchange rates for the change in functional currency and presentation currency have been included as a reconciling item within the statement of changes in shareholders' equity (deficit) as at February 1, 2021.

5. RECEIVABLES

As of December 31, 2021, accounts receivable consists of customer receivables, net a \$11,500 allowance for doubtful accounts (\$102,308) and GST receivable (\$32,809). As of December 31, 2020 accounts receivable consists of amounts due from one customer (\$73,202), GST receivable (\$22,386) and share subscription receivable (\$69,284). During 2020, the Company entered into an Accounts Receivable Purchase and Security Agreement (the "Factor Agreement") with full recourse. Pursuant to the Factor Agreement, the factor advances funds to the Company for the right to collect cash flows from factored accounts receivable and charges fees for its services. The factor advances funds to the Company at 90% of accounts receivable factored. The outstanding balance bears a daily interest rate of 0.05%. As of December 31, 2020, 100% of the monies owed were collected by the Company and the factoring agent under the terms of the Factor Agreement. The Company expensed the fees and interest charged by the factoring agent as a loss on factoring within its financial statements, which totaled \$38,727 during the twelve-month period ended December 31, 2020.

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6. RESTRICTED DEPOSIT

As at December 31, 2021, restricted deposits consisted of \$9,068 (2020 - \$8,851) held in a guaranteed investment certificate as collateral for a corporate credit card.

7. PROPERTY AND EQUIPMENT

	<u>Computers</u>	<u>Right of Use</u> <u>Asset</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Cost			
At December 31, 2018	84,104	-	84,104

Additions	4,225	936,958	941,183
At December 31, 2019	88,329	936,958	1,025,287
Additions	-	-	-
At December 31, 2020	88,329	936,958	1,025,287
Additions	108,974	-	108,974
Foreign currency adjustment	(15,913)	(23,553)	(39,466)
At December 31, 2021	181,390	913,405	1,094,795
Accumulated amortization			
At December 31, 2018	42,879	-	42,879
Amortization for the year	22,184	225,594	246,626
At December 31, 2019	65,063	225,594	290,657
Amortization for the year	17,223	223,597	240,820
At December 31, 2020	82,286	449,191	531,477
Amortization for the year	30,793	205,580	236,373
At December 31, 2021	113,079	654,771	767,850
Carrying amounts			
At December 31, 2019	21,875	708,763	730,560
At December 31, 2020	6,044	475,817	481,861
At December 31, 2021	68,311	258,634	326,945

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8. NON-CONTROLLING INTEREST IN VERSUS LLC

As of December 31, 2018, the Company held a 41.3% ownership interest in Versus LLC, a privately held limited liability company organized under the laws of the state of Nevada. The Company consolidates Versus LLC as a result of having full control over the voting shares. Versus LLC is a technology company that is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players.

On May 21, 2019, the Company acquired an additional 25.2% interest in Versus LLC in exchange for 574,009 common shares of the Company and 287,005 share purchase warrants that are exercisable at C\$3.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of \$1,403,675 and \$116,595, respectively. As a result, the Company increased its ownership interest to 66.5% and recorded the excess purchase price over net identifiable liabilities of \$3,575,884 against reserves. The effect on non-controlling interest was a reduction of \$2,053,199.

On June 21, 2019, the Company acquired an additional 0.3% interest in Versus LLC in exchange for 2,825 common shares of the Company and 1,412 share purchase warrants that are exercisable at C\$3.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of \$6,906 and \$2,527, respectively. As a result, the Company increased its ownership interest to 66.8% and recorded the excess purchase price over net identifiable assets of \$26,448 against reserves. The effect on non-controlling interest was a reduction of \$19,433.

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as of December 31, 2021, 2020, and 2019:

	2021	2020	2019
Non-controlling interest percentage	33.2%	33.2%	58.7%
	(\$)	(\$)	(\$)
Assets			
Current	1,488,892	779,123	79,598
Non-current	2,300,268	2,289,645	2,878,711
	3,789,160	3,068,768	2,958,309
Liabilities			
Current	763,970	1,020,192	633,784
Non-current	30,661,143	17,329,272	13,742,518
	31,425,113	18,349,464	14,376,302
Net liabilities	(27,635,953)	(15,280,696)	(11,417,993)
Non-controlling interest	(8,621,581)	(5,193,701)	(3,729,041)
Net loss	(17,847,890)	(6,911,040)	(7,256,326)
	(3,448,820)	(1,464,660)	(2,000,962)
Net loss attributed to non-controlling interest			

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9. ACQUISITION OF XCITE INTERACTIVE, INC.

A) Summary of the Acquisition

On June 3, 2021, the Company closed its acquisition of all the issued and outstanding common shares of Xcite Interactive Inc. (“Xcite”) in exchange for common shares of the Company. Pursuant to the terms of the acquisition, the Company acquired all the issued and outstanding Xcite common shares in consideration for the issuance of 0.3510 of a common shares of the Company for each Xcite common share. The Company issued a total of 1,506,903 common shares with a fair value of \$10.7 million, based on the June 3, 2021 closing share price of \$6.76. The Company issued an additional 43,746 shares on July 26, 2021, related to the Payment Protection Program (PPP) loan escrow account that was included in the Xcite debt at the time of the acquisition. The Company is also committed to issue an additional 443,646 shares of common stock to Xcite 15 months after the close date if certain achievements are met. In addition, \$109,360 of cash was awarded to non-accredited investors of Xcite on June 3, 2021, and additional \$2,865 on July 26, 2021.

The acquisition was accounted for using the acquisition method pursuant to IFRS 3, “Business Combinations”. Under the acquisition method, assets and liabilities are measured at their estimated fair value on the date of acquisition with the exception of income tax, stock-based compensation, lease liabilities and ROU assets. The total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed.

The preliminary purchase price allocation is based on management’s best estimate of the assets acquired and liabilities

assumed. Upon finalizing the value of net assets acquired and liabilities assumed, adjustments to initial estimates, including goodwill and intangibles, may be required. The following table summarizes the details of the consideration and the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition.

B) Consideration

Common shares	\$ 12,890,029
Cash	112,225
Working capital adjustment	(163,902)
PPP shares	346,031
Total Consideration	\$ 13,184,383
Identifiable Assets Acquired and Liabilities Assumed	
Cash	\$ 27,124
Accounts Receivable	37,719
Property, Plant and Equipment	34,496
Intangible Assets	7,140,000
Other Assets	12,409
Accounts Payable and Accrued Liabilities	(524,853)
Other Liabilities	(123,171)
Total Identifiable Assets	\$ 6,603,724
Goodwill	\$ 6,580,659

Goodwill recognized is attributable to the synergies expected to be achieved. Goodwill is not deductible for tax purposes.



9. ACQUISITION OF XCITE INTERACTIVE, INC. (continued)

C) Revenue and Profit Contribution

The acquired business contributed revenues of \$760,813 for the period from June 3, 2021 through December 31, 2021. If the acquisition occurred on January 1, 2021, management estimates that revenue would have increased by \$600,000 and net loss would have been increased by approximately \$1,000,000, respectively.

10. INTANGIBLE ASSETS

Intangible assets are comprised of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. The Company continues to develop new apps, therefore additional costs were capitalized during the year ended December 31, 2021.

Cost	Software	Customer Relationships	Tradename	Developed Technology	Total
At December 31, 2019	9,016,764	-	-	-	9,016,764
Foreign currency adjustment	15,065	-	-	-	15,065
Additions	882,275	-	-	-	882,275

At December 31, 2020	9,914,104	-	-	-	9,914,104
Foreign currency adjustment	(47,444)				(47,444)
Additions	2,352,248	4,840,000	750,000	1,550,000	9,492,248
At December 31, 2021	12,218,908	4,840,000	750,000	1,550,000	19,358,908
Accumulated amortization					
At December 31, 2019	6,876,389	-	-	-	6,876,389
Amortization	1,300,299	-	-	-	1,300,299
At December 31, 2020	8,176,688	-	-	-	8,176,688
Amortization	1,304,991	403,333	-	301,389	2,009,713
At December 31, 2021	9,481,679	403,333	-	301,389	10,186,401
Carrying amounts					
At December 31, 2019	2,140,375	-	-	-	2,140,375
At December 31, 2020	2,256,903	-	-	-	1,737,416
At December 31, 2021	2,636,555	4,494,286	750,000	1,291,667	9,172,507

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	December 31, 2021	December 31, 2020
	(\$)	(\$)
Accounts payable	\$ 386,030	552,357
Due to related parties	302,883	551,815
Accrued liabilities	143,486	355,535
	<u>\$ 832,399</u>	<u>1,459,707</u>

12. NOTES PAYABLE – RELATED PARTY

During the year ended December 31, 2021, the Company exchanged 215,341 shares of common stock in exchange for a principal reduction of debt in the amount of \$1,483,738 and \$131,320 of accrued interest. The Company recorded a loss on the conversion of \$16,152. In addition, the Company repaid \$462,228 of principal. As at December 31, 2021, the Company had recorded \$38,301 in accrued interest which was included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company issued unsecured notes payable for total proceeds of \$68,674 from director and officers of the Company who are also shareholders. The loans bear interest at the prime rate which was 2.45% to 3.95% per annum at December 31, 2020, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of \$170,329 was recorded in reserves. As of December 31, 2020, the Company had recorded \$63,439 in accrued interest which was included in accounts payable and accrued liabilities.

During the year ended December 31, 2021, the Company recorded finance expense of \$225,196 (2020 - \$76,602), related to bringing the notes to their present value.

	Amount
	(\$)
Balance at December 31, 2018	2,550,075
Proceeds	2,027,457
Repayments	(968,587)
Contribution Benefit	(223,913)
Financing Expense	194,039
Foreign exchange adjustment	127,547
Balance at December 31, 2019	3,706,618
Proceeds	968,674
Repayments	(258,661)
Contribution benefit	(170,329)
Finance expense	276,602
Foreign exchange adjustment	5,745
Balance, December 31, 2020	4,528,549
Proceeds	-
Repayments	(2,058,720)
Contribution benefit	-
Finance expense	225,196
Foreign exchange adjustment	91,158
Balance, December 31, 2021	2,786,283
Current	2,107,668
Non-current	678,615

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12. NOTES PAYABLE (continued)

In May 2020, the Company received loan proceeds in the aggregate amount of \$610,247 under the Paycheck Protection Program. The PPP, established as part of the CARES Act within the United States of America in response to the COVID-19 pandemic, provides for loans to qualifying businesses. A portion of the loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP loans.

The PPP loan was forgiven in July 2021. The Company used the proceeds for purposes consistent with the PPP. For the year ended December 31, 2020 the Company had incurred eligible payroll cost of \$610,247 which were fully offset against the loan balance. Of the total loan balance, \$170,168 was applied towards payroll cost capitalized as intangible assets during the year ended December 31, 2020.

13. SHARE CAPITAL AND RESERVES

a) Authorized share capital

We are authorized to issue an unlimited number of Class A Shares. The Class A Shares do not have any special rights or restrictions attached. As of December 31, 2021 and 2020, there were 5,057 Class A Shares issued and outstanding.

b) Issued share capital

During the year ended December 31, 2021, the Company:

- i) issued, 1,506,903 units at a price of \$6.76 per unit in connection with the acquisition of Xcite.
- ii) issued, 1,472,000 units at a price of \$7.50 per unit per unit for total proceeds of \$11,040,000. Each unit consisted of one common share, one Unit A warrant and one Unit B warrant. Unit A warrants allow the purchaser to purchase one common share at \$7.50 per share until January 20, 2026. Unit B warrants allow the purchaser to purchase one common share at \$7.50 per share until January 20, 2026. In connection with the offering, the Company incurred \$1,524,439 in issuance costs as part of the transaction.
- iii) issued, 1,553,372 common shares pursuant to exercise of 1,435,333 warrants and 118,039 stock options for total proceeds of \$6,735,254.
- iv) issued, 215,341 units consisting of one share of common share and one Unit A warrant and one Unit B warrant in exchange for the forgiveness of \$1,615,058 of debt and accrued interest.
- v) issued 29,307 shares of the Company's common stock with a value of \$206,614 to a third party in exchange for services (included in professional fees).



13. SHARE CAPITAL AND RESERVES (continued)

- vi) issued 43,746 shares related to the PPP loan escrow account that was included in the Xcite debt at the time of the acquisition.

During the year ended December 31, 2020, the Company:

- i) issued, 150,000 units at a price of \$3.02 per unit for total proceeds of \$453,000. Each unit consisted of one common share and a one half share purchase warrant for each share purchased. Each whole warrant entitles the holder to purchase one additional common share at a price of \$4.71 until February 17, 2021.
- ii) issued, 172,532 units at a price of \$2.95 per unit for total proceeds of \$508,969. Each unit consisted of one common share and one share purchase warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of \$4.71 until July 17, 2022.
- iii) issued, 625,000 units at a price of \$3.05 per unit for total proceeds of \$1,906,250. Each unit consisted of one common share and a one half share purchase warrant for each share purchased. Each whole warrant entitles the holder to purchase one additional common share at a price of \$4.89 until November 17, 2022.
- iv) entered into a Mutual Investment Agreement with Animoca Brands Inc. (Animoca) in which the Company issued 181,547 shares of the Company's common stock with a value of \$502,414 in exchange for 4,327,431 shares of Animoca common stock. On the same date, the Company issued an additional 89,088 shares of the Company's common stock with a value of \$251,169 to Animoca in exchange for services (included in professional fees). The Company subsequently sold all of its shares of Animoca and recognized a loss of \$378,718.
- v) issued, 1,059,893 common shares pursuant to exercise of 1,056,143 warrants and 3,750 stock options for total proceeds of \$3,552,473.

During the year ended December 31, 2019, the Company:

- i) issued, 624,228 units at a price of \$2.17 per unit for total proceeds of \$1,351,916. Each unit consisted of one common share and a one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of \$3.61 until February 14, 2021.
- ii) issued, 1,094,844 units pursuant to a private placement at a price of \$2.43 per unit for total proceeds of \$2,657,791. Each unit consisted of one common share and a one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of \$4.25 until July 26, 2021.
- iii) issued, 284,092 units at a price of \$2.66 per unit for total proceeds of \$756,372. Each unit consisted of one common share and one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of \$4.24 until August 9, 2021.
- v) issued 576,834 common shares at a value of \$1,410,581 on acquisition of Versus LLC shares (Note 8).
- vi) issued 158,115 common shares pursuant to the exercise of share purchase warrants and stock options for total proceeds of \$52,116.

Escrow

At December 31, 2021, 313 common shares (December 31, 2020 – 313) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.



13. SHARE CAPITAL AND RESERVES (continued)

c) Stock options

The Company may grant incentive stock options to its officers, directors, employees, and consultants. The Company has implemented a rolling Stock Option Plan (the “Plan”) whereby the Company can issue up to 10% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – December 31, 2018	549,524	3.82
Granted	482,500	4.06
Exercised	(3,125)	2.71
Forfeited	(15,500)	5.17
Balance – December 31, 2019	1,013,399	3.94
Granted	470,083	3.16
Exercised	(3,750)	2.69
Forfeited	(125,907)	4.65
Balance – December 31, 2020	1,353,825	3.70
Granted	960,224	4.87
Exercised	(118,039)	3.32
Forfeited	(254,247)	3.39
Balance – December 31, 2021	1,941,769	4.24

During the year ended December 31, 2021, 960,224 stock options were granted by the Company. During the year ended December 31, 2021, the Company recorded share-based compensation of \$2,145,928 (December 31, 2020 - \$1,049,135) relating to options vested during the period.

During the year ended December 31, 2020, 470,083 stock options were granted by the Company with a fair value of \$906,618 (or \$1.93 per option). During the year ended December 31, 2020, the Company recorded share-based compensation of \$1,049,135 (December 31, 2019 - \$632,542) relating to options vested during the year.

During the year ended December 31, 2019, the Company granted a total of 482,500 stock options with a fair value of \$1,299,816 (or \$2.69 per option). During the year ended December 31, 2019, the Company recorded share-based compensation of \$632,542 relating to options vested during the year.



13. SHARE CAPITAL AND RESERVES (continued)

The Company used the following assumptions in calculating the fair value of stock options for the years ended:

	December 31, 2021	December 31, 2020	December 31, 2019
Risk-free interest rate	0.04% - 0.47%	0.26-0.37%	1.59%
Expected life of options	5.0 years	2.0 – 5.0 years	5.0 years
Expected dividend yield	Nil	Nil	Nil
Volatility	102% - 128%	79.44% - 87.79%	95.8%

At December 31, 2021, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price (\$)	Weighted Average Remaining Life (years)
March 17, 2022	13,063	13,063	5.22	0.46
May 18, 2022	5,750	5,750	5.72	0.63
September 14, 2022	74,156	74,156	4.46	0.95
June 6, 2023	14,063	10,889	5.70	1.68
September 4, 2023	12,813	7,455	2.97	1.93
April 2, 2024	106,875	106,875	2.52	2.51
June 27, 2024	6,250	6,250	2.56	2.74
September 27, 2024	300,000	131,250	4.53	2.99
October 22, 2024	12,500	7,345	4.03	3.06
July 24, 2025	242,095	31,178	2.98	3.82
July 31, 2025	166,116	166,116	2.98	3.82
August 10, 2025	12,500	4,840	3.00	3.86
November 19, 2025	15,364	4,186	4.59	3.14
June 1, 2026	56,816	-	7.04	4.72
June 29, 2026	329,500	-	5.65	4.72
August 19, 2026	573,908	-	4.20	3.95
	<u>1,941,769</u>	<u>569,353</u>	<u>4.24</u>	<u>3.65</u>

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13. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – December 31, 2018	1,468,538	3.64
Exercised	(154,990)	2.09
Expired	(347,732)	2.46
Issued	<u>2,349,365</u>	<u>3.94</u>
Balance – December 31, 2019	3,315,581	4.06
Exercised	(1,056,143)	1.85
Expired	(438,948)	3.33
Issued	<u>872,532</u>	<u>4.85</u>
Balance – December 31, 2020	2,692,622	3.61
Exercised	(1,088,713)	4.21
Expired	(492,461)	4.21
Issued	<u>3,374,682</u>	<u>7.50</u>
Balance – December 31, 2021	<u>4,486,130</u>	<u>6.83</u>

During the year ended December 31, 2021, the Company:

- i) On January 21, 2021, Company completed a public offering and issued 1,472,000 units at a price of \$7.50 per unit per unit for total proceeds of \$11,040,000. Each unit consisted of one common share, one Unit A warrant and one Unit B warrant, each to purchase one common share for a total of 2,944,000 warrants issued at \$7.50 per share until January 21, 2023.
- ii) On January 21, 2021, the Company entered into a debt exchange agreement and exchanged 215,341 shares of common stock for the reduction of \$1,615,058 of debt and accrued interest. As part of the agreement the Company also issued 215,341 Unit A warrants and 215,341 Unit B warrants issued at \$7.50 per share until January 21, 2023.

During the year ended December 31, 2020, the Company:

- iii) On February 17, 2020, the Company, completed a unit private placement which included 150,000 share purchase warrants exercisable at \$4.83 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$Nil using the residual value method.

- iv) On July 17, 2020, the Company, completed a unit private placement which included 172,532 share purchase warrants exercisable at \$4.71 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$1,155 using the residual value method.

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VERSUS SYSTEMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in United States dollars)



13. SHARE CAPITAL AND RESERVES (continued)

- v) On November 17, 2020, the Company, completed a unit private placement which included 625,000 share purchase warrants exercisable at \$4.89 per share for a period of two years.

During the year ended December 31, 2019, the Company:

- i) On February 14, 2019, the Company completed a unit private placement which included 624,228 share purchase warrants exercisable at \$3.61 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$50,213 using the residual value method.
- ii) On February 14, 2019, the Company completed a unit private placement which included 43,696 broker warrants exercisable at \$2.17 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$46,505 using the Black Scholes option pricing model.
- iii) On July 26, 2019, the Company completed a unit private placement which included 1,094,844 share purchase warrants exercisable at \$4.25 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$Nil using the residual method.
- iv) On July 26, 2019, the Company issued 14,088 agent warrants exercisable to purchase additional shares at a price of \$4.25 per share for a period of 24 months from closing. The agent warrants were determined to have a fair value of \$15,919.
- v) On August 9, 2019, the Company completed a unit private placement which included 284,093 share purchase warrants exercisable at \$4.24 per share for a period of two years. The share purchase warrants were determined to have a fair value of \$Nil using the residual method.
- vi) The Company issued 288,416 warrants at a value of \$119,122 for the acquisition of Newco shares (Note 8).

The Company used the following assumptions in calculating the fair value of the warrants for the period ended:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Risk-free interest rate	0.25%	1.77%
Expected life of options	0.7 – 1.76 years	2.0 years
Expected dividend yield	Nil	Nil
Volatility	75%	107.14%
Weighted average fair value per warrant	<u>\$ 3.38</u>	<u>\$ 0.64</u>

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VERSUS SYSTEMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants (continued)

At December 31, 2021, the Company had share purchase warrants outstanding as follows:

<u>Expiry Date</u>	<u>Warrants</u> <u>Outstanding</u>	<u>Exercise</u> <u>Price</u> <u>(\$)</u>	<u>Weighted</u> <u>Average</u> <u>Remaining</u> <u>Life</u> <u>(years)</u>
January 20, 2022	1,665,008	7.50	0.05
March 17, 2022	350,000	4.80	0.21
July 17, 2022	172,531	4.71	0.55
November 17, 2022	611,250	4.89	0.78
January 20, 2026	<u>1,687,341</u>	<u>7.50</u>	<u>4.06</u>
	<u>4,486,130</u>	<u>6.83</u>	<u>1.69</u>

14. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions, not disclosed elsewhere in these consolidated financial statements, during the twelve months

ended December 31, 2021 and 2020. Key management personnel includes the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and certain directors and officers and companies controlled or significantly influenced by them.

Key Management Personnel	2021	2020
	(\$)	(\$)
Short-term employee benefits paid or accrued to the CEO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	335,430	280,177
Short-term employee benefits paid or accrued to the CFO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	447,710	273,439
Short-term employee benefits paid or accrued to a member of the advisory board of the Company, including share-based compensation vested for incentive stock options and performance warrants.	215,706	216,410
Short-term employee benefits paid or accrued to the Vice President of Engineering of the Company, including share-based compensation vested for incentive stock options and performance warrants.	289,290	300,877
Short-term employee benefits paid or accrued to certain directors and officers of the Company, including share-based compensation vested for incentive stock options and performance warrants.	666,586	327,991
Total	1,954,722	1,398,894

Other Related Party Payments

Office sharing and occupancy costs of \$67,012 (2020 - \$62,616) were paid or accrued to a corporation that shares management in common with the Company.



14. RELATED PARTY TRANSACTIONS (continued)

Amounts Outstanding

- a) At December 31, 2021, a total of \$302,883 (December 31, 2020 - \$551,815) was included in accounts payable and accrued liabilities owing to officers, directors, or companies controlled by them. These amounts are unsecured and non-interest bearing (Note 10).
- b) At December 31, 2021, a total of \$2,786,183 (December 31, 2020 - \$4,528,549) of long term notes was payable to a director and the CEO of the Company (Note 12).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s financial instruments consist of cash, receivables, restricted deposit, accounts payable and accrued liabilities and notes payable.

The fair value of cash, receivables, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. The fair value of notes payable approximates its book value as it was discounted using a market rate of interest.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages its credit risk by ensuring that its cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company’s receivables consist of goods and services tax due from the government.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Liquidity risk

The Company’s cash is invested in business accounts which are available on demand. The Company has raised additional capital during the twelve months ended December 31, 2021.



15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company's bank account earns interest income at variable rates and the notes payable bear interest at the prime lending rate. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. A 1% change in interest rates would have no significant impact on profit or loss for the year ended December 31, 2021.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and the United States.

The Company was exposed to the following foreign currency risk as at December 31, 2021 and December 31, 2020:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(\$)	(\$)
Cash	162,135	86,800
Lease Obligations	-	(741,868)
Accounts payable and accrued liabilities	<u>(142,726)</u>	<u>(1,092,402)</u>
	<u>19,409</u>	<u>(1,747,470)</u>

As at December 31, 2021, with other variables unchanged, a +/-10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by \$1,900 (December 31, 2020 - \$220,000).

16. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. Capital consists of items within equity (deficiency). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company remains dependent on external financing to fund its activities. In order to sustain its operations, the Company will spend its existing cash on hand and raise additional amounts as needed until the business generates sufficient revenues to be self-sustaining. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to maximize ongoing corporate development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2021.

17. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in one business activity, being the development of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. Revenue earned during the year ended December 31, 2020 is from one customer based in the United States and receivables of \$373,202 were due from that customer. No revenue was earned from the same customer for the year ended December 31, 2021.



17. GEOGRAPHICAL SEGMENTED INFORMATION (continued)

Details of identifiable assets by geographic segments are as follows:

	<u>Restricted</u> <u>deposits</u>	<u>Deposits</u>	<u>Goodwill</u>	<u>Property and</u> <u>equipment</u>	<u>Intangible</u> <u>assets</u>
December 31, 2021					
Canada	\$ 9,068	\$ -	\$ -	\$ -	\$ -
USA	-	100,000	6,580,660	326,945	9,172,507
	<u>\$ 9,068</u>	<u>\$ 100,000</u>	<u>6,580,660</u>	<u>\$ 326,945</u>	<u>\$ 9,172,507</u>
December 31, 2020					
Canada	\$ 8,851	\$ -	\$ -	\$ 34,115	\$ -
USA	-	98,393	-	447,746	1,737,416

\$	8,851	\$	98,393	-	\$	481,861	\$	1,737,416
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18. SUPPLEMENTAL CASH FLOW INFORMATION

	2021	2020	2019
	(\$)	(\$)	(\$)
Non-cash investing and financing activities:			
Contribution benefit on low interest rate notes (Note 12)	-	170,329	223,913
Shares issued to acquire Newco shares 1	-	-	1,410,581
Deferred financing costs included in accrued expenses	174,813	398,276	-
Residual value of units	-	42,502	-
Common shares issued to settle debt	1,615,058	-	-
Fair value common shares issued in acquisition	13,184,384	-	-
Interest paid during the year	-	-	42,316
Income taxes paid during the year	-	-	-

19. LEASE OBLIGATIONS AND COMMITMENTS

Lease Liabilities

	\$
Lease liabilities recognized as of January 1, 2020	865,076
Lease payments made	(305,023)
Interest expense on lease liabilities	60,112
Foreign exchange adjustment	21,086
Lease liabilities recognized as of January 1, 2021	641,251
Lease payments made	(251,383)
Interest expense on lease liabilities	39,836
Foreign exchange adjustment	(61,820)
	367,884
Less: current portion	(239,323)
At December 31, 2021	128,560

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VERSUS SYSTEMS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. LEASE OBLIGATIONS AND COMMITMENTS (continued)

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. In May of 2018, the Company extended the cost sharing arrangement to July of 2022 at a monthly fee of CAD \$7,000 plus GST per month.

On September 6, 2017, the Company entered into a rental agreement for office space in Los Angeles, USA. Under the terms of the agreement the Company will pay \$17,324 per month commencing on October 1, 2017 until June 30, 2023.

Year	Amount
	(\$)
2022	260,185
2023	131,576

20. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020	2019
	(\$)	(\$)	(\$)
Loss for the year	(17,847,892)	(6,911,040)	(7,256,326)
Expected income tax (recovery)	(4,819,000)	(1,866,000)	(1,959,000)
Change in statutory, foreign tax, foreign exchange rates and other	294,000	275,000	398,000
Permanent differences	1,107,000	403,000	260,000
Share issue costs	432,000	-	(116,000)
Adjustment to prior years provision versus statutory tax returns	-	(35,000)	3,133,000
Change in unrecognized deductible temporary differences	2,986,000	1,223,000	(1,716,000)
Income tax expense	-	-	-

b) Deferred Income Taxes

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

2021	2020	2019
------	------	------

	(\$)	(\$)	(\$)
Non-capital losses carry-forward	11,751,000	7,841,000	6,824,000
Exploration and evaluation assets	1,470,000	1,470,000	1,477,000
Share issuance costs	735,000	109,000	154,000
Debt with accretion	(70,000)	(70,000)	(98,000)
Intangible assets	179,000	1,336,000	1,236,000
Other deferreds	37,000	-	-
Allowable capital losses	3,801,000	3,592,000	3,579,000
Property and equipment	35,000	64,000	59,000
	<u>17,938,000</u>	<u>14,342,000</u>	<u>13,231,000</u>
Unrecognized deferred tax assets	<u>(17,938,000)</u>	<u>(14,342,000)</u>	<u>(13,231,000)</u>

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VERSUS SYSTEMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. INCOME TAXES (continued)

b) Deferred Income Taxes

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	2021 (\$)	Expiry Date Range	2020 (\$)	Expiry Date Range
Non-capital losses available for future periods - US	29,390,000	2036 to indefinite	14,880,000	2036 to indefinite
Non-capital losses available for future periods - Canada	20,664,000	2026 to 2040	17,215,000	2026 to 2039
Allowable capital losses	14,077,000	No expiry date	13,304,000	No expiry date
Property and equipment	128,000	No expiry date	273,000	No expiry date
Intangible asset	853,000	No expiry date	6,364,000	No expiry date
Exploration and evaluation assets	5,446,000	No expiry date	5,446,000	No expiry date
Share issuance costs	2,724,000	2040 to 2044	401,000	2040 to 2043

Tax attributes are subject to review, and potential adjustment, by tax authorities.

21. SUBSEQUENT EVENTS

The Company has evaluated subsequent events after the balance sheet date of December 31, 2021 through March 31, 2022, the date the consolidated financial statements were issued. Based upon its evaluation, management has determined that no subsequent events have occurred that would require recognition in the accompanying consolidated financial statements or disclosure in the notes thereto, except as follows:

- i. On February 28, 2022, the Company completed a public offering and issued 4,375,000 units at a price of \$1.60 per unit for total proceeds of \$7,000,000. Each unit consisted of one common share and one warrant, to purchase one common share at \$1.92 per share until February 28, 2027. In connection with the offering, the Company incurred \$221,628 in deferred financing costs as of December 31, 2021.
- ii. On March 1, 2022, the Company converted 171,608 Versus Holdco shares into Versus Systems Inc. shares.
- iii. On March 24, 2022, the Company issued 590,625 shares at a price of \$1.48 per unit for total proceeds of \$874,125 as a result of the underwriter exercising the overallotment.
- iv. Subsequent to December 31, 2021, the Company extended CAD\$20,000 in notes payable to director Brian Tingle and \$17,000 in notes payable to CEO Matthew Pierce.

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CERTIFICATION

I, Matthew Pierce, certify that:

1. I have reviewed this annual report on Form 20-F/A of Versus Systems Inc. (the "Company"); and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 8, 2022

/s/ Matthew Pierce

Matthew Pierce
Chief Executive Officer

CERTIFICATION

I, Craig Finster, certify that:

1. I have reviewed this annual report on Form 20-F/A of Versus Systems Inc. (the "Company"); and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 8, 2022

/s/ Craig Finster

Craig Finster
Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Versus Systems Inc. (the "Company") on Form 20-F/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, Matthew Pierce, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: September 8, 2022

/s/ Matthew Pierce

Matthew Pierce
Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Versus Systems Inc. (the "Company") on Form 20-F/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, Craig Finster, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: September 8, 2022

/s/ Craig Finster

Craig Finster
Chief Financial Officer

DAVIDSON & COMPANY LLP

 Chartered Professional Accountants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-263834) of Versus Systems Inc. (the “Company”) and the Registration Statement on Form S-8 (No. 333-256302) of the Company of our report dated November 30, 2021 relating to the consolidated financial statements for the year ended December 31, 2020, appearing in the Annual Report on Form 20-F of Versus Systems Inc. for the year ended December 31, 2021, as amended.

Vancouver, Canada
September 8, 2022

/s/ **DAVIDSON & COMPANY LLP**
Chartered Professional Accountants



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CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-256302) and Form F-3 (No. 333-263834) of Versus Systems Inc. of our report dated March 31, 2022 relating to the consolidated financial statements of Versus Systems Inc. as of and for the year ended December 31, 2021, which appears in this Form 20-F, as amended.

Ramirez Jimenez International CPAs

Irvine, California
September 8, 2022