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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2022

Commission File Number **001-39885**

VERSUS SYSTEMS INC.
(Translation of registrant's name into English)

1558 West Hastings Street
Vancouver BC V6G 3J4 Canada
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): __

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): __

EXPLANATORY NOTE

On November 14, 2022, Versus Systems Inc. filed on SEDAR in Canada its Consolidated Financial Statements for the nine-month periods ended September 30, 2022 and 2021 and the related Management's Discussion and Analysis for the nine-month periods ended September 30, 2022 and 2021, copies of which are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively. Also attached is a copy of the Form 52-109F2 – Certification of Interim Filings – CEO (IPO/RTO) furnished herewith as Exhibit 99.3 and Form 52-109F2 – Certification of Interim Filings – CFO (IPO/RTO) furnished herewith as Exhibit 99.4.

EXHIBIT INDEX

Exhibit	Description
99.1	Consolidated Financial Statements for the nine-month periods ended September 30, 2022 and 2021
99.2	Management's Discussion and Analysis for the nine-month periods ended September 30, 2022 and 2021
99.3	52-109F2 – Certification of Interim Filings – CEO (IPO/RTO)
99.4	52-109F2 – Certification of Interim Filings – CFO (IPO/RTO)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERSUS SYSTEMS INC.

Date: November 14, 2022

By: /s/ Matthew Pierce
Matthew Pierce
Chief Executive Officer

Exhibit 99.1

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

NINE MONTH PERIOD ENDED

SEPTEMBER 30, 2022

Versus Systems Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in US Dollars)
(Unaudited - prepared by management)

	September 30, 2022 ($)	December 31, 2021 ($)
ASSETS		
Current assets		
Cash	1,029,301	1,678,156
Receivables, net of allowance (Note 5)	86,057	123,617
Deferred financing costs (Note 3)	45,898	174,813
Prepaids and other assets	292,430	377,926
Total current assets	1,453,686	2,354,512
Restricted deposit (Note 6)	8,388	9,068
Deposits	100,000	100,000
Property and equipment, net (Note 7)	226,213	326,945
Goodwill (Note 9)	6,580,660	6,580,660
Intangible assets (Note 10)	9,372,537	9,172,507
Total Assets	17,741,484	18,543,692
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 11, Note 12 and Note 14)	728,603	832,399
Deferred revenue	107,535	193,504
Notes payable - Related Party (Note 12)	2,562,810	2,107,668
Lease liability (Note 19)	190,943	239,323

Total current liabilities	3,589,891	3,372,894
Non-current liabilities		
Lease liability (Note 19)	-	128,560
Warrant liability (Note 13)	-	361,055
Notes payable - Related Party (Note 12)	10,214	678,515
Total liabilities	3,600,105	4,541,024
Equity (Deficit)		
Share capital (Note 13)		
Common shares	119,650,950	110,226,715
Commitment to issue shares (Note 13)	-	2,703,326
Class “A” shares	28,247	28,247
Reserves (Note 13)	14,200,425	10,661,294
Cumulative Translation Adjustment	156,600	-
Deficit	(113,962,608)	(100,995,334)
	20,073,614	22,624,249
Non-controlling interest (Note 8)	(5,932,235)	(8,621,581)
	14,141,379	14,002,668
Total Liabilities and Equity	17,741,484	18,543,692
Nature of operations (Note 1)		
Commitments (Note 19)		
Subsequent events (Note 20)		

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 14, 2022. They are signed on behalf of the Board of Directors by:

“Matthew Pierce”
Director

“Brian Tingle”
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US Dollars)
(Unaudited - prepared by management)

	Three Months Ended September 30, 2022 ($)	Three Months Ended September 30, 2021 ($)	Nine Months Ended September 30, 2022 ($)	Nine Months Ended September 30, 2021 ($)
REVENUES				
Revenues	316,819	304,684	891,236	375,383
EXPENSES				
Amortization (Note 7)	74,870	84,782	215,234	230,031
Amortization of intangible assets (Note 10)	629,108	527,653	1,896,787	1,455,366
Consulting fees (Note 3)	262,966	237,403	598,087	463,201
Foreign exchange (gain) loss	(28,328)	(445,620)	(75,100)	873,286
Office and miscellaneous expenses	292,753	(79,747)	711,968	468,491
Interest expense	29,155	29,806	96,205	146,308
Professional fees (Note 14)	168,686	325,336	836,327	2,385,696
Salaries and wages (Note 14)	1,528,149	1,647,324	4,586,199	3,829,159
Sales and marketing	24,234	93,550	102,489	820,573
Software delivery costs	261,739	228,004	863,744	386,658
Share-based compensation (Note 13)	371,266	925,124	1,255,588	1,403,132
Total operating loss	(3,297,779)	(3,268,932)	(10,196,292)	(12,086,516)
Finance expense (Note 12)	(16,183)	(47,857)	(60,280)	(185,486)
Change in fair value of warrant liability (Note 13)	6	1,736,646	361,055	(2,969,244)
Other expense	(196,118)	2,188	(196,118)	(116,356)
Net loss	(3,510,074)	(1,577,955)	(10,091,635)	(15,357,602)
Other comprehensive loss:				
Foreign currency translation (gain) loss	(107,276)	-	(156,600)	355,627
Loss and comprehensive loss	(3,402,798)	(1,577,955)	(9,935,035)	(15,713,229)
Total other comprehensive loss attributable to:				
Shareholders	(107,276)	-	(156,600)	294,513
Non-controlling interest	-	-	-	61,114
	(107,276)	-	(156,600)	355,627
Total comprehensive loss attributable to:				
Shareholders	(2,974,733)	(572,952)	(8,248,044)	(13,012,921)
Non-controlling interest	(428,065)	(1,005,002)	(1,686,991)	(2,700,309)

	(3,402,798)	(1,577,955)	(9,935,035)	(15,713,229)
Basic and diluted loss per common share attributable to Versus Systems Inc.	(1.79)	(0.57)	(5.87)	(14.39)
Weighted average common shares outstanding	1,598,527	1,009,001	1,377,432	924,480

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in US Dollars)
(Unaudited - prepared by management)

	Number of common shares	**Number of Class "A" Shares**	**Common Shares**	**Commitment to issue shares**	**Class "A" Shares**	**Reserves**	**Currency Translation Adjustment**	**Deficit**	**Equity**	**Non-controlling Interest**	**Total Equity (Deficit)**
			($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Balance at December 31, 2020	715,573	338	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	98,134	-	11,040,000	-	-	-	-	-	11,040,000	-	11,040,000
Share issuance costs	-	-	(1,558,277)	-	-	-	-	-	(1,558,277)	-	(1,558,277)
Exercise of warrants	6,417	-	379,814	-	-	(22,905)	-	-	356,909	-	356,909
Shares issued in exchange for debt	14,357	-	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)
Loss and comprehensive loss	-	-	-	-		-	-	(9,573,290)	(9,573,290)	(995,875)	(10,569,165)
Change in accounting policy - presentation currency	-	-	-	-		-	180,130	-	180,130	283,046	463,176
Balance at February 1, 2021	834,481	338	93,523,267	-	28,247	8,707,012	-	(96,169,552)	6,088,975	(6,168,636)	(79,660)
Shares issued with acquisition	103,377	-	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	1,954	-	206,614	-	-	-	-	-	206,614	-	206,614
Exercise of warrants	89,269	-	5,555,728	-	-	(108,960)	-	-	5,446,768	-	5,446,768
Exercise of stock options	7,870	-	408,370	-	-	(16,070)	-	-	392,300	-	392,300
Stock-based compensation	-	-	-	-	-	2,079,312	-	-	2,079,312	-	2,079,312
Loss and comprehensive loss	-	-	-	-	-	-	-	(3,145,118)	(3,145,118)	(1,643,319)	(4,788,437)
Balance at September 30, 2021	1,036,951	338	110,226,715	2,703,326	28,247	10,661,294	-	(99,314,670)	24,304,912	(7,811,955)	16,492,957
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	-
Exercise of stock options	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	-	-	-	-	-
Loss and comprehensive loss	-	-	-	-	-	-	-	(1,680,664)	(1,680,664)	(809,626)	(2,490,290)
Balance at December 31, 2021	1,036,951	338	110,226,715	2,703,326	28,247	10,661,294	-	(100,995,334)	22,624,249	(8,621,581)	14,002,668
Shares issued with public offering	607,374	-	10,032,360	-	-	-	-	-	10,032,360	-	10,032,360
Shares issued with acquisition	4,196	-	419,783	(2,703,326)	-	2,283,543	-	-	-	-	-
Share issuance costs	-	-	(1,214,202)	-	-	-	-	-	(1,214,202)	-	(1,214,202)
Holdco shares exchanged for common shares	11,441	-	186,294	-	-	-	-	(4,562,630)	(4,376,337)	4,376,337	-
Stock-based compensation	-	-	-	-	-	1,255,588	-	-	1,255,588	-	1,255,588
Cumulative translation adjustment	-	-	-	-	-	-	156,600	-	156,600	-	156,600
Loss and comprehensive loss	-	-	-	-	-	-	-	(8,404,644)	(8,404,644)	(1,686,991)	(10,091,635)
Balance at September 30, 2022	1,659,962	338	119,650,950	-	28,247	14,200,425	156,600	(113,962,608)	20,073,614	(5,932,235)	14,141,379

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in US Dollars)
(Unaudited - prepared by management)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(10,091,635)	(15,357,602)
Items not affecting cash:		
Amortization (Note 7)	215,234	241,335
Amortization of intangible assets (Note 10)	1,896,787	1,455,366
Shares issued for services	-	206,614
Finance expense	60,280	185,487
Accrued interest	17,456	31,739
Effect of foreign exchange	3,180	(93,927)
Change in fair value of warrant liability	(361,055)	1,283,533
Share-based compensation	1,255,588	1,403,132
Changes in non-cash working capital items:		
Receivables	37,560	411,992
Prepaids and other assets	85,496	(374,098)
Deferred revenue	(85,969)	17,925
Accounts payable and accrued liabilities	(103,796)	(1,139,938)
Cash used in operating activities	(7,070,874)	(11,728,442)
FINANCING ACTIVITIES		
Repayment of notes payable – related party	(64,550)	(465,881)
Proceeds from warrant exercises	-	5,455,988
Proceeds from share issuances	10,032,360	11,040,000
Proceeds from option exercises	-	44,056
Payments for lease liabilities	(194,397)	(236,822)
Payments of share issuance costs	(1,214,201)	(1,126,163)
Cash provided by financing activities	8,559,212	14,711,179
INVESTING ACTIVITIES		
Acquisition of a business	-	219,369
Purchase of equipment	(40,211)	(41,009)
Development of intangible assets	(2,096,982)	(1,034,312)
Cash used in investing activities	(2,137,193)	(855,952)
Change in cash during the period	(648,855)	2,126,784
Cash - Beginning of period	1,678,156	2,283,262
Cash - End of period	1,029,301	4,410,046

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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". On November 9, 2022, the Company completed a one-for-15 reverse stock split of the Company's common shares. All share and per share data are presented to reflect the reverse share split on a retroactive basis.

The Company is engaged in the technology sector and has developed a proprietary prizing 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 condensed interim 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 September 30, 2022, 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 condensed interim consolidated financial statements do not include any adjustments as 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 condensed interim 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Audit Standards (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards (IFRS) for annual financial statements, and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PRESENTATION (continued)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 14, 2022.

Basis of measurement

These condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These condensed interim 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 condensed interim 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.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Versus Systems (Holdco) Inc.	United States of America	81.9%	Holding Company
Versus Systems UK, Ltd.	United Kingdom	81.9%	Sales Company
Versus LLC	United States of America	81.9%	Technology Company
Xcite Interactive, Inc.	United States of America	100.0%	Technology Company

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim 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 condensed interim 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.

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.

2. BASIS OF PRESENTATION (continued)

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. Input assumptions changes 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 performance obligation.

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 valuators. 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 as of September 30, 2022 totalled 1,126,570

(December 31, 2021 – 428,527).

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.

Measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 at FVTPL

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 of 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 September 30, 2022, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 offerings of its common stock completed in January 2021 and 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, and $45,898 during the period ended September 30, 2022.

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

(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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 condensed interim consolidated 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Lease liability

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.

Government grant

Government grants are 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 grants are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as fair value at issue with subsequent changes recognized in the statement of loss and comprehensive loss. A $9,743,659 warrant derivative loss was recorded in the statement of loss and comprehensive loss beginning February 1, 2021 when the Company changed its functional currency.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Foreign currency transactions in currencies other than the United States dollar are recorded at exchange rates prevailing on the dates of the transactions. Foreign currency transaction gains and losses are generally recognized in profit or loss and presented within gain (loss) on foreign exchange.

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. Non-monetary assets and liabilities that are denominated in foreign currencies are translated at historical rates. Revenues and expenses that are denominated in foreign currencies are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign currency translation gains and losses are recognized in other comprehensive income and accumulated in equity within the translation reserve.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity (deficit) which results from transactions and events from sources other than the Company's shareholders. Comprehensive loss differs from net loss for the period ended September 30, 2022 due to the effects of foreign translation gains and losses. Comprehensive loss differs from net loss for the period ended December 31, 2021 due to the change in functional currency noted below.

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 coincided 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 condensed interim 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 assets and liabilities previously reported in Canadian dollars have been translated into United States dollars as at February 1, 2021 using the period-end noon exchange rates of 0.782 CAD/USD. As a practical measure, the comparative shareholders' equity (deficit) balances were translated at the February 1, 2021 exchange rate of 1.2824 CAD/USD. 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 September 30, 2022, accounts receivable consists of customer receivables of $75,266 (net an allowance for doubtful accounts of $1,000) and GST receivable of $10,792. As of December 31, 2021, accounts receivable consists of customer receivables of $90,808 (net an allowance for doubtful accounts of $11,500) and GST receivable of $32,809.

6. RESTRICTED DEPOSIT

As at September 30, 2022, restricted deposits consisted of $8,388 (December 31 2021 - $9,068) held in a guaranteed investment certificate as collateral for a corporate credit card.

7. PROPERTY AND EQUIPMENT

	Computers	Right of Use Asset	Total
	($)	($)	($)
Cost			
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
Additions	63,827	-	63,827
At September 30, 2022	**245,217**	**913,405**	**1,158,622**
Accumulated amortization			
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
Amortization for the period	30,792	133,767	164,559
At September 30, 2022	**143,871**	**788,538**	**932,409**
Carrying amounts			
At December 31, 2021	68,311	258,634	326,945
At September 30, 2022	**101,346**	**124,867**	**226,213**

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 38,268 common shares of the Company and 19,134 share purchase warrants. 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.

(Expressed in United States dollars)

8. NON-CONTROLLING INTEREST IN VERSUS LLC (continued)

On June 21, 2019, the Company acquired an additional 0.3% interest in Versus LLC in exchange for 189 common shares of the Company and 95 share purchase warrants. 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.

On March 1, 2022, the Company acquired an additional 15.1% interest in Versus LLC in exchange for 11,441 common shares of the Company. The common shares were determined to have a fair value of $186,294. As a result, the Company increased its ownership interest to 81.9% and recorded the excess purchase price over net identifiable assets of $4,562,631 against reserves. The effect on non-controlling interest was a reduction of $4,376,337.

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as of September 30, 2022 and September 30, 2021 and the nine month periods then ended:

	2022	2021
Non-controlling interest percentage	**18.1%**	**33.2%**
	($)	**($)**
Assets		
Current	863,885	3,891,219
Non-current	3,083,039	2,331,588
	3,946,924	**6,222,807**
Liabilities		
Current	752,003	619,916
Non-current	37,355,830	31,493,748
	38,107,833	**32,113,664**
Net liabilities	**(34,160,909)**	**(25,890,857)**
Non-controlling interest	**(5,932,235)**	**(7,810,928)**
Net loss	**(7,621,560)**	**(15,357,602)**
Net loss attributed to non-controlling interest	**(1,686,991)**	**(2,639,195)**

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 0.0234 of a common shares of the Company for each Xcite common share. The Company issued a total of 100,461 common shares with a fair value of $10.7 million, based on the June 3, 2021 closing share price of $101.40. The Company issued an additional 2,917 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. 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.

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

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 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

(Expressed in United States dollars)

Property, Plant and Equipment	34,496
Intangible Assets	7,140,000
Other Assets	12,408
Accounts Payable and Accrued Liabilities	(524,853)
Other Liabilities	(123,171)
Total Identifiable Assets	$ 6,603,723
Goodwill $	6,580,660

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

C) Revenue and Profit Contribution

The acquired business contributed revenues of $770,251 for the period from December 31, 2021 through September 30, 2022.

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 period ended September 30, 2022.

	Software	Customer Relationships	Tradename	Developed Technology	Total
Cost					
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
Additions	2,096,982	-	-	-	2,096,982
At September 30, 2022	**14,315,890**	**4,840,000**	**750,000**	**1,550,000**	**21,455,890**
Accumulated amortization					
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
Amortization	1,091,554	460,952	-	344,444	1,896,951
At September 30, 2022	**10,573,233**	**864,286**	**-**	**645,834**	**12,083,353**
Carrying amounts					
At December 31, 2020	1,737,416	-	-	-	1,737,416
At December 31, 2021	2,737,229	4,436,667	750,000	1,248,611	9,172,507
At September 30, 2022	**3,742,657**	**3,975,714**	**750,000**	**904,166**	**9,372,537**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2022	December 31, 2021
	($)	**($)**
Accounts payable	276,564	386,030
Due to related parties (Note 14)	213,193	302,883
Accrued liabilities	238,846	143,486
	728,603	832,399

12. NOTES PAYABLE – RELATED PARTY

During the nine month period ended September 30, 2022, the Company repaid $64,550 of principal. As at September 30, 2022, the Company had recorded $23,175 in accrued interest which was included in accounts payable and accrued liabilities.

During the year ended December 31, 2021, the Company exchanged 14,357 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 $116,152. 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.

12. NOTES PAYABLE – RELATED PARTY (continued)

During the nine months ended September 30, 2022, the Company recorded finance expense of $60,486 (December 31, 2021 - $225,196), related to bringing the notes to their present value.

	Amount ($)
Balance at 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	2,786,183
Foreign currency adjustment	(209,095)
Repayments	(64,550)
Finance expense	60,486
Balance, September 30, 2022	**2,573,024**
Current	**2,562,810**
Non-current	**10,214**

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 September 30, 2022, there were 338 Class A Shares issued and outstanding.

b) Issued share capital

During the nine-month period ended September 30, 2022, the Company:

i) Issued 291,667 units at a price of $24.00 per unit 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 $28.80 per share until February 28, 2027. In connection with the offering, the Company incurred $900,720 in issuance costs as part of the transaction.

ii) Issued 11,441 shares, which were converted from Versus Holdco shares.

iii) Issued 39,375 shares at a price of $22.20 per unit for total proceeds of $874,125 as a result of the underwriter exercising the overallotment.

iv) Issued 4,196 shares related to the Xcite acquisition and the vesting of key employee shares.

v) Issued 276,334 units at a price of $7.80 per unit for total proceeds of $2,155,195. The offering consisted of 140,000 common shares and 136,334 pre-funded warrants.

VERSUS SYSTEMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Expressed in United States dollars)
(Unaudited)

13. SHARE CAPITAL AND RESERVES (continued)

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

i) Issued 100,461 units at a price of $101.40 per unit in connection with the acquisition of Xcite.

ii) issued, 98,134 units at a price of $112.50 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 $112.50 per share until January 20, 2026. Unit B warrants allow the purchaser to purchase one common share at $112.50 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, 103,559 common shares pursuant to exercise of 95,689 warrants and 7,870 stock options for total proceeds of $6,735,254.

iv) issued, 14,357 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 1,954 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).

(Expressed in United States dollars)

Escrow

At September 30, 2022, 21 common shares (December 31, 2021 – 21) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.

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 often 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, 2020	90,255	55.50
Granted	64,015	73.05
Exercised	(7,869)	49.80
Forfeited	(16,950)	50.85
Balance –December 31, 2021	129,451	63.60
Granted	104,517	6.19
Exercised		
Forfeited	(6,198)	69.60
Balance – September 30, 2022	227,770	37.13

13. SHARE CAPITAL AND RESERVES (continued)

During the nine months ended September 30, 2022,104,517 stock options were granted by the Company. During the nine months ended September 30, 2022, the Company recorded share-based compensation of $1,255,588 (September 30, 2021 - $1,403,132) relating to options vested during the period.

During the year ended December 31, 2021,64,015 stock options were granted by the Company. During the year ended December 31, 2021, the Company recorded share-based compensation of $2,145,928 relating to options vested during the period.

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

	September 30, 2022	December 31, 2021
Risk-free interest rate	2.14% – 4.03%	0.04% -0.47%
Expected life of options	5.0 years	5.0 years
Expected dividend yield	Nil	Nil
Volatility	96.90% – 112.40%	102% - 128%

At September 30, 2022, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
June 6, 2023	937	85.50	1.18
September 4, 2023	854	44.55	1.43
April 2, 2024	7,125	37.80	2.01
June 27, 2024	417	38.40	2.24
September 27, 2024	20,000	67.95	2.49
October 22, 2024	833	60.45	2.56
July 24, 2025	16,140	44.70	3.32
July 31, 2025	11,074	44.70	3.32
August 10, 2025	833	44.70	3.36
November 19, 2025	1,024	68.85	2.64
June 1, 2026	3,788	105.60	4.22
June 29, 2026	21,967	84.75	4.22
August 19, 2026	38,261	63.00	3.45
March 18, 2027	1,500	19.80	4.50
May 10, 2027	800	11.85	4.80
August 17, 2027	99,977	6.00	5.00
September 20, 2027	2,240	3.45	5.00
	227,770	37.13	4.07

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, 2020	179,509	54.15
Exercised	(72,581)	63.15
Expired	(32,830)	63.15
Issued	224,979	112.50
Balance – December 31, 2021	299,077	102.45
Exercised	-	-
Expired	(145,838)	102.75
Issued	745,542	21.30
Balance – September 30, 2022	898,781	31.61

During the nine-month period ended September 30, 2022, the Company:

i) Completed a public offering on February 28, 2022, and issued 291,666 units at a price of $24.00 per unit 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 $28.80 per share until February 28, 2027.

ii) Issued 39,375 units on March 24, 2022, at a price of $22.20 per unit for total proceeds of $874,125 because the underwriter exercised its overallotment option. Each unit consisted of one common share and one warrant, to purchase one common share at $28.80 per share until February 28, 2027.

iii) Issued 414,500 warrants on July 18, 2022, to purchase common shares, each exercisable for one common share at an exercise price of $7.80 per share in an offer to an investor.

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

iv) On January 21, 2021, Company completed a public offering and issued98,134 units at a price of $112.50 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 196,267 warrants issued at $112.50 per share until January 21, 2023.

v) On January 21, 2021, the Company entered into a debt exchange agreement and exchanged14,357 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 14,357 Unit A warrants and 14,357 Unit B warrants issued at $112.50 per share until January 21, 2023.

VERSUS SYSTEMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Expressed in United States dollars)
(Unaudited)

13. SHARE CAPITAL AND RESERVES (continued)

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

	September 30, 2022
Risk-free interest rate	0.25% - 4.02%
Expected life of warrants	0.2 – 5.25 years
Expected dividend yield	Nil
Volatility	75% - 100.5%
Weighted average fair value per warrant	$ 32.64

At September 30, 2022, the Company had share purchase warrants outstanding as follows:

(Expressed in United States dollars)

Expiry Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
November 17, 2022	40,750	73.35	0.28
January 20, 2026	112,489	112.50	3.56
February 28, 2027	331,042	28.80	4.41
July 18, 2028	414,500	7.80	5.00
	898,781	31.61	4.39

14. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions, not disclosed elsewhere in these condensed interim consolidated financial statements, during the nine months ended September 30, 2022 and 2021. 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

	2022	2021
	($)	($)
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.	267,542	246,848
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.	276,456	331,058
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.	172,094	157,819
Short-term employee benefits paid or accrued to the Chief Technology Officer of the Company, including share-based compensation vested for incentive stock options and performance warrants.	233,579	274,343
Short-term employee benefits paid or accrued to a Director of the Company, including share-based compensation vested for incentive stock options and performance warrants.	223,862	-
Short-term employee benefits paid or accrued to the Chief People Officer of the Company, including share-based compensation vested for incentive stock options and performance warrants.	156,709	-
Short-term employee benefits paid or accrued to other directors and officers of the Company, including share-based compensation vested for incentive stock options and performance warrants.	435,267	396,892
Total	1,765,508	1,406,960

Other Related Party Payments

Office sharing and occupancy costs of $49,111 (December 31, 2021 - $67,012) were paid or accrued to a corporation that shares management in common with the Company.

Amounts Outstanding

a) At September 30, 2022, a total of $213,193 (December 31, 2021 - $302,883) 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 11).

b) At September 30, 2022, a total of $2,573,024 (December 31, 2021 - $2,786,183) of long term notes was payable to a director of the Company (Note 12).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

(Expressed in United States dollars)

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 nine months ended September 30, 2022.

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 nine month period ended September 30, 2022.

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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company was exposed to the following foreign currency risk as at September 30, 2022 and December 31, 2021:

	September 30, 2022 ($)	December 31, 2021 ($)
Cash	179,383	162,135
Accounts payable and accrued liabilities	(48,442)	(142,726)
	130,941	19,409

As at September 30, 2022, 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 $13,100 (December 31, 2021 - $1,900).

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 (deficit). 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 nine-month period ended September 30, 2022.

(Expressed in United States dollars)

17. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in three business activities, the live events business, which includes partnering with multiple professional sports franchises to drive in-stadium audience engagement; a software licensing business creating a recurring revenue stream; and 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.

17. GEOGRAPHICAL SEGMENTED INFORMATION (continued)

Details of identifiable assets by geographic segments are as follows:

	Restricted deposits	Deposits	Goodwill	Property and equipment	Intangible assets
September 30, 2022					
Canada	$ 8,388	$ -	$ -	$ -	$ -
USA	-	100,000	6,580,660	226,213	9,372,537
	$ 8,388	$ 100,000	6,580,660	$ 226,213	$ 9,372,537
September 30, 2021					
Canada	$ 9,024	$ -	$ -	$ -	$ -
USA	-	100,000	6,552,293	353,837	9,102,250
	$ 9,024	$ 100,000	6,552,293	$ 353,837	$ 9,102,250

18. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2022 ($)	September 30, 2021 ($)
Non-cash investing and financing activities:		
Shares issued to acquire Holdco shares	11,441	-
Shares issued in connection with Xcite acquisition	4,196	-
Common shares issued to settle debt	-	107,671
Fair value common shares issued in acquisition	-	$ 13,348,262

19. LEASE OBLIGATIONS AND COMMITMENTS

Lease Liabilities

	$
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	(61,821)
Lease liabilities recognized as of January 1, 2022	367,883
Lease payments made	(194,396)
Interest expense on lease liabilities	17,456
	190,943
Less: current portion	(190,943)
At September 30, 2022 – non-current portion	**0**

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, California.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 (remaining)	65,788
2023	131,576

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events after the balance sheet date of September 30, 2022 through November 14, 2022, the date the condensed interim 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:

1. On October 6, 2022, the Company completed a private placement and issued412,292 common shares at a price of $2.715.

2. Subsequent to September 30, 2022, the Company extended CAD$574,423 in notes payable to director Brian Tingle.

VERSUS SYSTEMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in United States Dollars)

NINE MONTH PERIOD ENDED

SEPTEMBER 30, 2022

REPORT DATE – November 14, 2022

Introduction

Versus Systems Inc., (the "Company), a corporation formed under the laws of British Columbia, was formed by way of an amalgamation under the name McAdam Resources, Inc. in the Province of Ontario on December 1, 1988 and subsequently extra provincially registered in British Columbia on February 2, 1989. The Company changed its name to Boulder Mining Corporation on May 9, 1995 in Ontario and on September 25, 1996 in British Columbia. The Company continued into British Columbia on January 2, 2007 and concurrently changed its name to Opal Energy Corp. The Company changed its name to Versus Systems Inc. on June 30, 2016, and concurrently ceased or divested its mining related business and began operating its current software platform business. On June 3rd, 2021, the Company acquired Xcite Interactive, Inc. a Company that created a fan engagement software platform for live events. The Company operates through its majority-owned subsidiary, Versus LLC, a Nevada limited liability Company that was organized on August 21, 2013 and through its wholly owned subsidiary, Xcite Interactive, Inc. The principal executive offices in Canada are located at 1558 Hastings Street, Vancouver, British Columbia V6G 3J4 Canada, and the telephone number is (604) 639-4457. The Company's principal executive offices in the United States are located at 6701 Center Drive West, Suite 480, Los Angeles, CA 90045, and the telephone number at that address is (424) 226-8588. Our website address is *www.versussystems.com*.

In accordance with Form 51-102F1, the following Management's Discussion & Analysis (MD&A) provides a review of activities, results of operations and financial condition of the Company for the nine months ended September 30, 2022. The following discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020 which were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). All monetary amounts, unless otherwise indicated, are expressed in United States dollars.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: limited operating history; regulatory risks; changes in laws, regulations and guidelines; failure to retain existing users or add new users; reliance on management and key personnel; lack of demand; competition; rapid technological change; online commerce security risks; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Our Mission

Our mission is to reinvent the way our customers interact with consumers through live events, games, apps and streaming content.

Our Company

We offer a proprietary business-to-business software platform called eXtreme Engagement Online (XEO) that allows live event producers, professional sports franchises, video game publishers and developers and professional sports franchises, as well as other interactive media content creators, the ability to offer in-game prizing and rewards based on the completion of in-content challenges alongside other user engagement tools. The prizes or rewards offered are specific to each player or viewer based on a variety of user- and content-based characteristics, including age, location, game played and challenge undertaken. Our platform facilitates several types of single player prize challenges that includes a wide range of prize types, including coupons, sweepstakes-style prizes, consumer packaged goods (CPG) and downloadable content (DLC).

With the acquisition of Xcite Interactive Inc. (Xcite Interactive) in June of 2021, we acquired a number of key pieces of technology and relationships that we believe will benefit our engagement and rewards business. First, we gained an industry-leading live events fan engagement business that partners with over 50 professional sports franchises across the National Football League (NFL), the National Basketball Association (NBA), the National Hockey League (NHL) and others to drive in-stadium audience engagement using interactive gaming functions like trivia, polling, and casual games that can be played alongside the live experience. Our three largest customers in 2022 year-to-date include the Edmonton Oilers, Arizona Coyotes, and the San Antonio Rodeo. We also acquired a growing software licensing business that takes the in-venue fan engagement tools and methods developed by Xcite and its team over decades and customizes those tools in a scalable way to allow teams and content partners of all sizes to engage with fans in-venue and at home in measurable, effective ways at a fraction of the cost of a large professional game operations staff.

We license our XEO software platform to teams, leagues, and other content creators to provide a recurring revenue stream that supplements our professional services and advertising revenues. In addition to providing improved consumer engagement with games and features like trivia and polling, the XEO platform provides improved analytics and flexibility for our content partners through the real-time action board. The action board provides content partners with actionable insights during the game, and it also gives operators tools to adjust the run of show, reacting in real time to events that are happening on the field or in-venue, giving a more urgent, contextual feel to the content and making fan's interactivity feel more authentic and personal. This real-time engagement technology, coupled with improved analytics about player behavior, allows for both an improved audience experience and also improved advertising efficiency.

We are able to provide our customers an opportunity for improved fan engagement, not only reaching out to those fans who are in the stadium, but also to those watching at home on television or streaming the game on a computer or mobile device. With XEO, fans can follow the game, interact with other fans through a chat function, and compete for prizes and rewards offered by the team itself or by one of the team's sponsors or branding partners. This engagement and rewards model can extend beyond professional sports to viewers of college sports, the Olympics, awards shows, reality TV, or even streaming content on platforms like YouTube, Twitter and Twitch. By driving second screen engagement, content providers, such as sports teams, are able to maintain the consumer's attention during lengthy commercials, timeouts and breaks in play.

Our Company (continued)

We believe our platform provides real benefits for three key target groups: content providers, brands and agencies, and fans/players. By providing interactivity and in-content rewards, content providers see more frequent sessions and longer session times from their users and viewers. Consumer brands offering sponsorships and in-content prizes or rewards within our interactive experiences see improved brand recall and brand affinity, as well as prolonged and increased interest from players and consumers who view their goods as a positive "win" within their viewing experience rather than as a distraction from the content they are watching as is typically the case with traditional in-content advertising. Players, viewers, and consumers who interact alongside their favorite content, especially players who play for real-world rewards, show an increased desire to interact with such content, which increases the value of the content as a supplier of prizing opportunities, of the brands that offer the prizes, and of the experience itself as an interactive and desirable challenge for players and viewers.

We monetize prizes and sponsorships in a number of ways including Cost Per Click (CPC), Cost Per Action (CPA), and sponsorship revenues that can be charged to the brand. In those cases, we either are paid to place images within our interactive elements, or as a function of an end user interacting with the brand (CPC), or as a function of the user accepting the reward or in some way transacting with the brand (CPA). We share a certain percentage of the gross receipts we receive from such brand customers with the content partners who are the owners of the media in which the prizes or rewards are offered. Our current agreements with the owners or marketers of consumer brands provide that we are paid a fee to place their ads in content, the amount of which is based either on the number of ads placed or upon the performance of those ads relative to the brand's goals.

Our revenues have principally come from software licensing and professional services provided to professional sports franchises, as well as from fan engagement events like rodeos, boxing matches, concerts, and other live events including the Olympics, Women's World Cup, the X Games, and other global sporting events.

Our technology facilitates advertising that is part of the entertainment itself — part of the narrative, not as a distraction. By creating an environment that makes brands part of a desired experience — winning prizes or rewards — we empower content providers and brands to engage consumers more effectively and for more extended periods of time.

Our Products and Services

We provide the following products and services to our partners and customers:

- ***Professional Services: Integration, Customization, and Production.*** Our patented platform can be integrated into games and interactive media through a number of Software Development Kits (SDKs), including SDKs for iOS, Android, Unity, C++ and others. We also work with partners such as HP to develop bespoke instances of our rewards platform, as we did with their OMEN Rewards system available inside OMEN Command Center in every HP OMEN and Pavilion gaming desktop and laptop. We also offer professional design, development and platform integration services to content partners who seek a more bespoke solution. A majority of our professional sports team partners use some degree of customization in the application of our engagement platform. We also offer live-event production services, helping support the implantation of our platforms, including the production of creative assets to create a more seamless fan experience for a team or venue.

- ***XEO Platforms.*** Our engagement technology platform is used to power fan engagement at live-event and other entertainment focused properties, including partnering with multiple professional sports franchises to drive in-stadium audience engagement. In addition to providing improved consumer engagement, our XEO platform provides increased transparency and flexibility through the real time action board. The action board reduces data to information in which the content provider can act on during the live event. In addition, it allows for audience segmentation and targeted advertising technology further improving advertising efficiency.

Our Products and Services (continued)

- ***Click Play Win Product.*** Click Play Win is an advertising tool that allows content creators, marketers, agencies, and other advertisers to increase customer acquisition and loyalty through a combination of games and rewards. Our customers use Click Play Win to create interactive advertisements that offer coupons and rewards. The product is compatible with a number of digital platforms and can be integrated into customer's existing advertising campaigns. Click Play Win is designed to increase customer transactions and also increase the collection of zero-party data, which is first party data that is consentually provided by consumers directly to advertisers. Consumers are incented to provide their data inside Click Play Win as they register to play games for prizes and rewards that may include coupons, real-world goods and services, sweepstakes entries, and digital goods including downloadable content for games, digital collectables, and web3 products.

- ***White-Label Rewards Platforms.*** Our technology can be easily integrated into mobile apps to track any behavior that a content, publishing, or health and fitness program partner may want to incentivize. We can also white label and/or license technologies like our stand-alone mobile app to enable partners to create an entire rewards ecosystem where activities in one application earn rewards or discounts from another part of the same company. For example, we can assist a partner in creating a mobile app that would allow a consumer to earn movie tickets to a comic book movie for purchasing or reading the to earn discounts on in-stadium concessions or on team apparel for playing a sports trivia game or for watching games live on his or her mobile device. We work with content partners to create entire in-house rewards programs for their users that promote cross-sales within a company, or new channels for the sale of licensed goods, or new opportunities for event or brand sponsors. Our systems and applications can be white labeled and sold as a rewards platform for those partners looking to increase engagement and stickiness with their customers.

- ***Advertising services.*** In connection with the placement or licensing of our engagement and rewards platforms, we market our services to brand partners to place their products, discounts or coupons into Versus-enabled content so that users, viewers and players can earn those rewards for their in-game or in-app behavior. When providing those services, we typically charge the brand only when a player attempts to win one of the brand's proffered prizes. However, in certain cases may also charge on a CPC, CPE or a CPA model.

Corporate History and Structure

Versus Systems Inc., a corporation formed under the laws of British Columbia, was formed by way of an amalgamation under the name McAdam Resources, Inc. in the Province of Ontario on December 1, 1988 and subsequently extra-provincially registered in British Columbia on February 2, 1989. We changed our name to Boulder Mining Corporation on May 9, 1995 in Ontario and on September 25, 1996 in British Columbia. We continued into British Columbia on January 2, 2007 and concurrently changed our name to Opal Energy Corp. We changed our name to Versus Systems Inc. on June 30, 2016, and concurrently ceased or divested our mining related business and began operating our current software platform business.

In June 2021, we completed the acquisition of multimedia, production, and interactive gaming company Xcite Interactive, a provider of online audience engagement through its owned and operated XEO technology platform. We now provide products and services to multiple professional sports franchises across MLB, the NHL, the NBA and the NFL to drive in-stadium audience engagement as well as a software licensing business to drive audience engagement.

We operate through our majority-owned subsidiary, Versus LLC, a Nevada limited liability company that was organized on August 21, 2013, and through our wholly owned subsidiary, Xcite Interactive Inc, a Delaware company that was reorganized as such on April 1, 2019.

Corporate History and Structure (continued)

Our principal executive offices in Canada are located at 1558 Hastings Street, Vancouver, British Columbia V6G 3J4 Canada, and our telephone number at that address is (604) 639-4457. Our principal executive offices in the United States are located at 6701 Center Drive West, Suite 480, Los Angeles, CA 90045, and our telephone number at that address is (424) 226-8588. Our website address is *www.versussystems.com*. The information on or accessed through our website is not incorporated in this prospectus. The SEC maintains an Internet site (*www.sec.gov*) that contains reports, proxy and information statements, and other information regarding issues that file electronically with the SEC.

The following chart reflects our organizational structure (including the jurisdiction of formation or incorporation of the various entities):

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Versus Systems (Holdco), Inc.	United States of America	81.9%

Versus Systems UK, Ltd	United Kingdom	81.9%
Versus, LLC	United States of America	81.9%
Xcite Interactive, Inc.	United States of America	100%

Non-Controlling Interest in Versus LLC

As at 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 38,268 common shares of the Company and 19,134 share purchase warrants. 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 189 common shares of the Company and 95 share purchase warrants. 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.

On March 1, 2022, the Company acquired an additional 15.1% interest in Versus LLC in exchange for 11,441 common shares of the Company. The common shares were determined to have a fair value of $186,294. As a result, the Company increased its ownership interest to 81.9% and recorded the excess purchase price over net identifiable assets of $4,562,631 against reserves. The effect on non-controlling interest was a reduction of $4,376,337.

Recent Business Developments and Milestones

New Click Play Win Tool Supercharges Brand Awareness for HUE

On October 21, 2022, the Company announced that Click Play Win will amplify brand awareness for NBA Champion Matt Barnes' premium men's grooming company HUE. Posters for HUE for Every Man within the Pauley Pavilion and on the scoreboard at the UCLA Anderson Global Sports Business Forum will feature a scannable QR code that attendees can click, opting in to play a customized version of Versus Systems' Swish basketball game for the chance to win a free product with purchase of HUE.

Recent Business Developments and Milestones (continued)

Launch of Click Play Win

On October 20, 2022, the Company announced the launch of an interactive advertising campaign tool, Click Play Win, combining interactivity, gameplay, and rewards. One of the first engagements is with Eliqs, a beverage innovation lab with a platform that allows anyone to create their own custom craft beverages.

Expansion into Corporate Meeting and Events with First Activation for Finastra

On August 2, 2022, the Company announced a successful activation for Finastra, a global provider of financial software applications and marketplaces, marking the first XEO platform activation in the Corporate Meeting and Events segment. With this activation, the Company was able to leverage its deep experience with sports-based fan engagement to expand the market for the Company's leading audience engagement technology to a wider pool of potential clients.

Music City Grand Prix IndyCar Race Partnership with Innovative New Media, LLC and Zaxby's

On July 7, 2022, the Company entered into a Statement of Work with Innovative New Media, LLC, combining the Company's XEO platform with Innovative's OmniXP program to enable 70 unique fans to win prizes, including tickets to the events around the Music City GP.

Master Services Agreement in Over-the-Top (OTT) Streaming Media

On June 29, 2022, the Company entered into its first Master Services Agreement related to streaming media and TV. The Company plans to bring its reward-based fan engagement technology to an OTT sports team-focused TV channel that is expected to launch in Q4 2022. The multi-year agreement includes adding interactive and second-screen elements to shows and content connected to a new OTT channel.

Master Services Agreement with Innovative New Media, LLC

On May 17, 2022, the Company entered into a Master Services Agreement with Innovative New Media, LLC, an experiential and digital marketing agency. Innovative Group's newly formed Innovative New Media division will use the Company's XEO platform to support the agency's client portfolio, which include consumer packaged goods companies, retailers, spirits, professional sports teams, and automotive clients.

Master Services Agreement with Diplomat Sports & Entertainment Inc.

On March 24, 2022, the Company entered into a Master Services Agreement with Diplomat Sports & Entertainment, Inc, a Tokyo based advertising agency, to power interactive fan experiences for the Hokkaido Nippon-Ham Fighters of Nippon Professional Baseball.

Master Services Agreement with ENT Marketing Inc.

On February 17, 2022, the Company entered into a Master Services Agreement with ENT Marketing Inc., a branded entertainment agency, to support new client activations that employ the Versus XEO platform for fan engagement and rewards. The first collaboration was a marketing promotion for a popular fast-casual chicken restaurant chain, which represented the first use of the XEO platform in a quick-service restaurant activation.

Recent Business Developments and Milestones (continued)

Master Services Agreement with Red Moon Marketing, LLC

On February 4, 2022, the Company entered into a Master Services Agreement with Red Moon Marketing, LLC, a marketing agency, to support new client activations that employ the Versus XEO platform for fan engagement and rewards. The Company will support Red Moon's portfolio of clients, which include consumer packaged goods, retailers, and spirits.

Master Services Agreements with Prizing

On January 20, 2022 and January 25, 2022, the Company entered into a Master Services Agreements with San Antonio Rodeo and NASCAR, respectively. Pursuant to these agreements, the Company will be paid based upon usage, rather than based upon a percentage of advertising revenue, related to the use of the Company's platform.

Audience Reach of 10 Million Fans Since July 1 2021, Approaching 1 Million a Week in October 2021

On October 18, 2021, the Company announced that it has reached a significant milestone in fan engagement since the acquisition of Xcite Interactive in June 2021. Versus surpassed 10 million viewers across all platforms since July 1, 2021 and approached 1 million viewers per week since the beginning of October 2021. In the last 100 days, Versus-enabled content had been viewed at over 500 events around the world, including in-venue at multiple stadiums, arenas, and live events. Dozens of NFL, NCAA, NHL, MLB, and MLS games have been powered by Versus fan engagement tools. Versus has also powered fan engagement for events such as live cricket matches in the UK, rodeos in the US, and baseball games in Japan. Moreover, Versus-enabled video game experiences can also be played on HP Omen and Pavilion desktop and laptop computers in the US, China, India, the UK, and Mexico.

Partnership with Military Bowl Foundation, Inc.

On July 22, 2021, the Company announced a strategic partnership with the Military Bowl Foundation, Inc. to power technology behind interactive experiences for live events and digital activations. The Military Bowl presented by Peraton, benefiting the USO, is the National Capital Region's college football postseason bowl game featuring a matchup between teams from the Atlantic Coast Conference and the American Athletic Conference

Partnership with Peach Bowl, Inc.

On July 15, 2021, the Company entered into an agreement with Peach Bowl, Inc. to power technology behind interactive experiences for live events and digital activations. Peach Bowl, Inc. operates the Chick-fil-A Peach Bowl, one of New Year's Six Bowls selected to host the College Football Playoff. Peach Bowl, Inc. signed an extension with the CFP ensuring its inclusion in the New Year's Six until 2025, with future Semifinals in 2022 and 2025. Peach Bowl, Inc. additionally owns and manages the Chick-fil-A Kickoff Game, the Peach Bowl Challenge charity golf tournament and is the presenting sponsor and manager of The Dodd Trophy national coach of the year award.

Recent Business Developments and Milestones (continued)

Strategic Partnership with Frias Agency

On March 5, 2021, Versus entered into a Strategic Cooperation Agreement with Frias Agency pursuant to which its technology platform may be offered to clients of Frias, such as Corona, Cerveza Modelo, Cerveza Pacifico, Crush, Kim Crawford, Meiomi, Blue Chair Bay, and Casa Noble. Frias also works with major athletes like Canelo Alvarez and sports promoters like Matchroom Boxing and Premier Boxing Champions. The Versus partnership with Frias extends prizing into live sporting events starting Summer 2021 for soccer, boxing, wrestling and MMA, as well as live music festivals and tours.

U.S. Patent Filings

Versus has filed multiple patent claims with the U.S. Patent and Trademark Office to expand upon its existing portfolio of prizing, promotion and financial technologies that enable brands to reach the rapidly growing competitive gaming audience of players, spectators and broadcasters.

The Versus patent claims, extending and expanding on claims filed in the United States in 2014 and internationally through the patent co-operation treaty in 2015, describe a system that seeks to match competitive game players and spectators with prizing from their favourite brands through a unique conditional prize matching system.

On July 26, 2022, Versus announced that, pursuant to a Versus filing made in 2019, the U.S. Patent and Trademark Office (USPTO) has issued U.S. Patent No. 11,376,498, titled "Managing In-Content Challenges for Multi-Player Games."

The new patent claims protect several methods for managing first and second-screen games inside of apps, television broadcasts, and streaming media, with a focus on how to provide different digital and physical prizes to different players based on their performance in games and eligibility criteria such as age and location. Versus uses these patented technologies in-venue, at NFL, NHL, NBA, NCAA, and other sporting events, and later this year, in OTT television and streaming media.

On March 14, 2019, Versus announced that, pursuant to a Versus filing made in 2015, the U.S. Patent and Trademark Office (USPTO) has issued U.S. Patent No. 10,242,538, titled "Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games."

The issued patent protects a number of proprietary systems and methods for awarding real money, physical goods, digital currencies, and downloadable content to players inside video games and other interactive media. Versus uses these patented technologies within their WINFINITE prizing platform, allowing players to play for real-world prizes inside their favorite games.

Overall Performance and Results of Operations

Three Month Period September 30, 2022

During the three month period ended September 30, 2022 (the "Current Quarter), the Company incurred a loss for the period of $3,402,798 compared to $1,577,955 for the three month period ended September 30, 2021 (the "Comparative Quarter). The increase can be attributed to a decrease of $1,736,640 in the change in fair value of the warrant liability. Operating expenses for the Current Quarter were $3,614,598 compared to $3,573,615 for the Comparative Quarter which represented an overall increase of $40,983 or 1%.

Summary of Quarterly Results

The following table sets out selected unaudited financial information for the eight most recent quarters. The financial data has been prepared in accordance with IFRS.

Three Months Ended	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
	($)	**($)**	**($)**	**($)**
Sales	316,819	250,661	323,756	393,267
Loss from Operations	(3,297,779)	(3,339,455)	(3,559,057)	(3,406,750)
Loss attributable to shareholders	(3,082,009)	(2,740,734)	(2,581,900)	(1,519,381)
Loss attributable to non-controlling interest	(428,065)	(485,409)	(773,517)	(982,211)
Loss for the period	(3,510,074)	(3,226,143)	(3,355,418)	(2,501,594)
Basic and Diluted Loss per Share	(1.86)	(1.95)	(2.10)	(0.90)

Three Months Ended	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
	($)	**($)**	**($)**	**($)**
Sales	304,684	70,364	335	369,575
Loss from Operations	(3,268,932)	(6,218,504)	(2,587,778)	(1,656,455)
Loss attributable to shareholders	(572,952)	(1,125,704)	(11,181,033)	(1,682,644)
Loss attributable to non-controlling interest	(1,005,002)	(1,260,742)	(200,865)	(433,060)
Loss for the period	(1,577,954)	(2,386,446)	(11,381,898)	(2,115,704)
Basic and Diluted Loss per Share	(0.57)	(1.20)	(18.15)	(1.65)

Note 1: There were no material variations in the results of the Company over the prior eight reporting periods with the exception of the following:

- During the three-month period ended September 30, 2022, the loss for the period increased due to an increase in consulting fees, a lawsuit settlement accrual, and a one-time write off related to Xcite holdback shares, offset by decreases in software delivery costs, professional fees, and salaries and wages.
- During the three-month period ended June 30, 2022, the loss for the period decreased due to a decrease in professional fees and share based compensation, offset by an increase in salaries and wages and software delivery costs.
- During the three-month period ended March 31, 2022, the loss for the period increased due to an increase in salaries and wages and share based compensation.

Summary of Quarterly Results (continued)

- During the three-month period ended December 31, 2021, the loss for the period increased due to an increase in salaries and wages and share based compensation.
- During the three-month period ended September 30, 2021, the loss for the period decreased due to an increase in salaries and wages and share based compensation, offset by a change in fair value of the warrant liability.
- During the three-month period ended June 30, 2021, the loss for the period decreased due to a change in fair value of the warrant liability, offset by an increase in professional services and salaries and wages as a result of the Company completing the Xcite acquisition.
- During the three-month period ended March 31, 2021, the loss for the period increased due to an increase in professional services and salaries and wages as a result of the Company completing their public offering and the change in fair value of the warrant liability established after the Company changed its functional currency to the United States dollar.
- During the three-month period ended December 31, 2020, the loss increased due to higher salaries attributed to a smaller credit from the government loan and increase in employees.

Liquidity and Capital Resources

The Company had cash of $1,029,301 and a working capital deficit of $2,136,205 as at September 30, 2022, compared to a cash position of $1,678,156 and working capital deficit of $1,018,382 as at December 31, 2021. The decrease in the Company's cash position and increase in working capital deficit was related to payments to support operations which were primarily related to salaries and professional fees.

Financing activities

During the nine months ended September 30, 2022, the Company:

i) issued, 291,667 units at a price of $24.00 per unit 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 $28.80 per share until February 28, 2027. In connection with the offering, the Company incurred $900,720 in issuance costs as part of the transaction.

ii) issued, 11,441 shares, which were converted from Versus Holdco shares.

iii) issued, 39,375 shares at a price of $22.20 per unit for total proceeds of $874,125 as a result of the underwriter exercising the overallotment.

iv) issued, 4,196 shares related to the Xcite acquisition and the vesting of key employee shares.

v) issued 276,334 units at a price of $7.80 per unit for total proceeds of $2,155,195. The offering consisted of 140,000 common shares and 136,334 pre-funded warrants.

Liquidity and Capital Resources (continued)

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

i) issued, 100,461 units at a price of $101.40 per unit in connection with the acquisition of Xcite.

ii) issued, 1,954 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).

iii) issued, 2,916 shares in accordance with the Xcite merger agreement and its $348,735 PPP loan being forgiven.

During the nine months ended September 30, 2021, the Company:

i) issued, 100,461 units at a price of $101.40 per unit in connection with the acquisition of Xcite.

ii) issued, 98,134 units at a price of $112.50 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 $112.50 per share until January 20, 2026. Unit B warrants allow the purchaser to purchase one common share at $112.50 per share until January 20, 2026. In connection with the offering, the Company incurred $1,545,439 in issuance costs as part of the transaction.

iii) issued, 103,559 common shares pursuant to exercise of 95,689 warrants and 7,870 stock options for total proceeds of $6,735,254.

iv) issued, 14,357 shares of common stock in exchange for the forgiveness of $1,615,058 of debt and accrued interest.

v) issued 1,954 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).

vi) issued 2,916 shares in accordance with the Xcite merger agreement and its $348,735 PPP loan being forgiven.

During the nine month period ended September 30, 2022, the Company repaid $64,550 of principal. As at September 30, 2022, the Company had recorded $23,175 in accrued interest which was included in accounts payable and accrued liabilities.

During the year ended December 31, 2021, the Company exchanged 14,357 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. In addition, the Company repaid $462,228 of principal. As at December 31, the Company had recorded $38,301 in accrued interest which was included in accounts payable and accrued liabilities.

Selected Annual Information

The following table sets out selected financial information for the Company for each of the fiscal years ended December 31, 2021, 2020 and 2019. The selected annual information should only be read in conjunction with the Company's audited annual financial statements for the fiscal years ended December 31, 2021, 2020 and 2019 including the notes thereto.

Statement of Operations, Comprehensive Loss and Deficit Data:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019

	($)	($)	($)
Revenue	768,650	1,390,018	501,152
Other expense	-	(13,890)	-
Loss from operations	(15,481,964)	(6,241,830)	(7,062,287)
Loss and comprehensive loss	(17,847,892)	(7,358,342)	(7,256,326)
Loss per share, basic and diluted	(15.15)	(8.85)	(10.65)

Balance Sheet Data:

	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
	($)	($)	($)
Current Assets	2,354,512	3,164,636	132,111
Total Assets	18,543,692	5,491,157	3,111,897
Current Liabilities	3,372,894	3,959,642	1,003,678
Long Term Debt	678,515	2,237,751	3,706,518
Non-Controlling Interest (Deficit)	(8,621,581)	(5,193,701)	(3,729,041)
Shareholders' Equity (Deficiency)	14,002,668	(1,138,350)	(2,210,586)

Transactions with Related Parties

The following summarizes the Company's related party transactions, not disclosed elsewhere in these condensed interim consolidated financial statements, during the nine months ended September 30, 2022 and 2021. 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

	2022	2021
	($)	($)
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.	267,542	246,848
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.	276,456	331,058
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.	172,094	157,819
Short-term employee benefits paid or accrued to the Chief Technology Officer of the Company, including share-based compensation vested for incentive stock options and performance warrants.	233,579	274,343
Short-term employee benefits paid or accrued to a Director of the Company, including share-based compensation vested for incentive stock options and performance warrants.	223,862	-
Short-term employee benefits paid or accrued to the Chief People Officer of the Company, including share-based compensation vested for incentive stock options and performance warrants.	156,709	-
Short-term employee benefits paid or accrued to other directors and officers of the Company, including share-based compensation vested for incentive stock options and performance warrants.	435,267	396,892
Total	1,765,508	1,406,960

Other Related Party Payments

Office sharing and occupancy costs of $49,111 (December 31, 2021 - $67,012) were paid or accrued to a corporation that shares management in common with the Company.

Transactions with Related Parties (continued)

Amounts Outstanding

a) At September 30, 2022, a total of $213,193 (December 31, 2021 - $302,883) 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.

b) At September 30, 2022, a total of $2,573,024 (December 31, 2021 - $2,786,183) of long term notes was payable to a director and the CEO of the Company.

Disclosure of Outstanding Share Data

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 September 30, 2022, there were 338 Class A Shares issued and outstanding.

Shares Issued and Outstanding

As at September 30, 2022, there are 1,659,962 common shares and 338 Class "A" shares, Series 1 issued and outstanding.

Warrants

As at the Report Date, there are share purchase warrants outstanding as follows:

Expiry Date	Warrants Outstanding	Exercise Price
		($)
November 17, 2022	40,750	73.35
January 20, 2026	112,489	112.50
February 28, 2027	331,042	28.80
July 18, 2028	414,500	7.80
	898,781	31.61

Disclosure of Outstanding Share Data (continued)

Stock Options

As at the Report Date, there are stock options outstanding as follows:

Expiry Date	Options Outstanding	Exercise Price
		($)
June 6, 2023	937	85.50
September 4, 2023	854	44.55
April 2, 2024	7,125	37.80
June 27, 2024	417	38.40
September 27, 2024	20,000	67.95
October 22, 2024	833	60.45
July 24, 2025	16,140	44.70
July 31, 2025	11,074	44.70
August 10, 2025	833	44.70
November 19, 2025	1,024	68.85
June 1, 2026	3,788	105.60
June 29, 2026	21,967	84.75
August 19, 2026	38,261	63.00
March 18, 2027	1,500	19.80
May 10, 2027	800	11.85
August 17, 2027	99,977	6.00
September 20, 2027	2,240	3.45
	227,770	37.13

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Lease Obligations and Commitments

	$
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	(61,821)
Lease liabilities recognized as of January 1, 2022	367,883
Lease payments made	(194,396)
Interest expense on lease liabilities	17,456
	190,943
Less: current portion	(190,943)
At September 30, 2022 – non-current portion	0

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 (remaining)	65,788
2023	131,576

Subsequent Events

1. On October 6, 2022, the Company completed a private placement and issued 412,292 common shares at a price of $2.715.
2. Subsequent to September 30, 2022, the Company extended CAD$574,423 in notes payable to director Brian Tingle.

New standards, amendments and interpretations to existing standards adopted by the Company

No new standards were adopted in the current quarter.

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 deposits, 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.

VERSUS SYSTEMS INC.
Management's Discussion and Analysis
Nine Month Period Ended September 30, 2022

Financial Instruments and Risk Management (continued)

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 a working capital deficit of $2,136,205 as at September 30, 2022. Accordingly, the Company is exposed to liquidity risk.

Interest rate risk

The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result 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 September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	($)	($)
Cash	179,383	162,135
Accounts payable and accrued liabilities	(48,442)	(142,726)
	130,941	19,409

As at September 30, 2022, with other variables unchanged, a +/- 10% change in the Canadian dollar to United States dollar exchange rate would impact the Company's net loss by $13,100 (December 31, 2021 - $1,900).

Management's Responsibility for Financial Statements

The Company's management is responsible for the preparation and presentation of the consolidated financial statements and the MD&A. The consolidated financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

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 total shareholders' equity (deficit), less amounts accumulated in shareholders' equity (deficit) related to share-based payments to employees and consultants. 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 nine months ended September 30, 2022.

Risks and Uncertainties

Versus is publicly traded development stage Company in the technology sector and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include, but are not limited to, the following:

Risks Related to the Company's Business

The Company has a relatively limited operating history and limited revenues to date and thus are subject to risks of business development and you have no basis on which to evaluate our ability to achieve our business objective.

Because the Company has a relatively limited operating history and limited revenues to date, investors should consider and evaluate the Company's operating prospects in light of the risks and uncertainties frequently encountered by early-stage operating companies in rapidly evolving markets. These risks include:

- that Versus may not have sufficient capital to achieve the Company's growth strategy;
- that Versus may not develop the Company's product and service offerings in a manner that enables it to be profitable and meet the Company's customers' requirements;
- that the Company's growth strategy may not be successful; and
- that fluctuations in the Company's operating results will be significant relative to the Company's revenues.

The Company's future growth will depend substantially on the Company's ability to address these and the other risks described in this section. If the Company does not successfully address these risks, the Company's business could be significantly harmed. To date, the Company has had minimal revenues. Even if Versus does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue the Company's business.

Risks Related to the Company's Business (continued)

Future acquisitions or strategic investments could disrupt the Company's business and harm the Company's business, results of operations or financial condition.

The Company may in the future explore potential acquisitions of companies or strategic investments to strengthen the Company's business. Even if the Company identifies an appropriate acquisition candidate, the Company may not be successful in negotiating the terms or financing of the acquisition, and the Company's due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business.

Acquisitions involve numerous risks, any of which could harm the Company's business, including:

- straining the Company's financial resources to acquire a Company;
- anticipated benefits may not materialize as rapidly as the Company expect, or at all;
- diversion of management time and focus from operating the Company's business to address acquisition integration challenges;
- retention of employees from the acquired Company;
- cultural challenges associated with integrating employees from the acquired Company into the Company's organization;
- integration of the acquired Company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; and
- litigation or other claims in connection with the acquired Company, including claims from terminated employees, former shareholders or other third parties.

Failure to appropriately mitigate these risks or other issues related to such strategic investments and acquisitions could result in reducing or completely eliminating any anticipated benefits of transactions, and harm the Company's business generally. Future acquisitions could also result in dilutive issuances of the Company's equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the impairment of goodwill, any of which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company may require additional funding for the Company's growth plans, and such funding may result in a dilution to investors.

The Company attempted to estimate the Company's funding requirements in order to implement the Company's growth plans. If the costs of implementing such plans should exceed these estimates significantly or if the Company come across opportunities to grow through expansion plans that cannot be predicted at this time, and the Company's funds generated from the Company's operations prove insufficient for such purposes, the Company may need to raise additional funds to meet these funding requirements.

Risks Related to the Company's Business (continued)

These additional funds may be raised by issuing equity or debt securities or by borrowing from banks or other resources. The Company cannot assure investors that the Company will be able to obtain any additional financing on terms that are acceptable to the Company, or at all. If the Company fails to obtain additional financing on terms that are acceptable to the Company, the Company will not be able to implement such plans fully if at all. Such financing even if obtained, may be accompanied by conditions that limit the Company's ability to pay dividends or require the Company to seek lenders' consent for payment of dividends, or restrict the Company's freedom to operate the Company's business by requiring lender's consent for certain corporate actions.

Further, if the Company raises additional funds by way of a rights offering or through the issuance of new shares, any shareholders who are unable or unwilling to participate in such an additional round of fund raising may suffer dilution in their investment.

The Company may not have sufficient capital to fund the Company's ongoing operations, effectively pursue the Company's strategy or sustain the Company's growth initiatives.

The Company's remaining liquidity and capital resources may not be sufficient to allow the Company to fund the Company's ongoing operations, effectively pursue the Company's strategy or sustain the Company's growth initiatives. The report of the Company's independent registered public accounting firm on the Company's consolidated financial statements for the years ended December 31, 2021 and 2020 stated that the Company's negative cash flows from operations, inability to finance the Company's day-to-day operations through operations and expectation of further losses indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. If the Company requires additional capital resources, the Company may seek such funds directly from third party sources; however, the Company may not be able to obtain sufficient equity capital and/or debt financing from third parties to allow the Company to fund the Company's expected ongoing operations or the Company may not be able to obtain such equity capital or debt financing on acceptable terms or conditions. Factors affecting the availability of equity capital or debt financing to the Company on acceptable terms and conditions include:

- the Company's current and future financial results and position;
- the collateral availability of the Company's otherwise unsecured assets;
- the market's, investors' and lenders' view of the Company's industry and products;
- the perception in the equity and debt markets of the Company's ability to execute the Company's business plan or achieve the Company's operating results expectations; and
- the price, volatility and trading volume and history of the Company's common shares.

If the Company is unable to obtain the equity capital or debt financing necessary to fund the Company's ongoing operations, pursue the Company's strategy and sustain the Company's growth initiatives, the Company may be forced to scale back the Company's operations or the Company's expansion initiatives, and the Company's business and operating results will be materially adversely affected.

Risks Related to the Company's Business (continued)

The Company's operations are significantly dependent on changes in public and customer tastes and discretionary spending patterns. The Company's inability to successfully anticipate customer preferences or to gain popularity for games may negatively impact the Company's profitability.

The Company's success depends significantly on public and customer tastes and preferences, which can be unpredictable. If the Company is unable to successfully anticipate customer preferences or increase the popularity of the games that have embedded at the Company's platform, the per capita revenue and overall customer expenditures may decrease, and thereby negatively impact the Company's profitability. In response to such developments, the Company may need to increase the Company's marketing and product development efforts and expenditures, the Company may also adjust the Company's product pricing, the Company may modify the platform itself, or take other actions, which may further erode the Company's profit margins or otherwise adversely affect the Company's results of operations and financial condition. In particular, the Company may need to expend considerable cost and effort in carrying out extensive research and development to assess the potential interest in the Company's platform and to remain abreast with continually evolving technology and trends.

While the Company may incur significant expenditures of this nature, including in the future as the Company continues to expand the Company's operations, there can be no assurance that any such expenditures or investments by the Company will yield expected or commensurate returns or results, within a reasonable or anticipated time, or at all.

If the Company cannot continue to develop, acquire, market and offer new products and services or enhancements to existing products and services that meet customer requirements, the Company's operating results could suffer.

The process of developing and acquiring new technology products and services and enhancing existing offerings is complex, costly and uncertain. If the Company fails to anticipate customers' rapidly changing needs and expectations, the Company's market share and results of operations could suffer. The Company must make long-term investments, develop, acquire or obtain appropriate intellectual property and commit significant resources before knowing whether the Company's predictions will accurately reflect customer demand for the Company's products and services. If the Company misjudges customer needs in the future, the Company's new products and services may not succeed and the Company's revenues and earnings may be harmed. Additionally, any delay in the development, acquisition, marketing or launch of a new offering or enhancement to an existing offering could result in customer attrition or impede the Company's ability to attract new customers, causing a decline in the Company's revenue or earnings.

The Company make significant investments in new products and services that may not achieve expected returns.

The Company has made and will continue to make significant investments in research, development and marketing for existing products, services and technologies, including developing new Software Development Kits (SDKs) for console gaming, wearables, smart TV systems, AR/VR, new feature sets for the Company's core products, and entirely new products and platforms that the Company is developing for specific customers, as well as new technology or new applications of existing technology. Investments in new technology are speculative. Commercial success depends on many factors, including but not limited to innovativeness, developer support, and effective distribution and marketing. If customers do not perceive the Company's latest offerings as providing significant new functionality or other value, they may reduce their purchases of the Company's services or products, unfavorably affecting the Company's revenue and profits. The Company may not achieve significant revenue from new product, service or distribution channel investments, or new applications of existing new product, service or distribution channel investments, for several years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins the Company has experienced historically. Furthermore, developing new technologies is complex and can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or offering new services could adversely affect the Company's revenue and profits.

Risks Related to the Company's Business (continued)

If the Company fails to retain existing users or add new users, the Company's results of operations and financial condition may be materially and adversely affected

The size of the Company's users' level of engagement are critical to the Company's success. The Company's financial performance will be significantly determined by the Company's success in having the Company's products adding, retaining, and engaging active users. To the extent that the Company's active user growth rate slows, the Company's business performance will become increasingly dependent on the Company's ability to increase levels of user engagement in current and new markets. If people do not perceive the Company's products to be useful, reliable, and trustworthy, the Company may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. A decrease in user retention, growth, or engagement could render the Company less attractive to video game publishers and developers which may have a material and adverse impact on the Company's revenue, business, financial condition, and results of operations. Any number of factors could potentially negatively affect user retention, growth, and engagement, including if:

- users increasingly engage with competing products;
- the Company fails to introduce new and improved products or if the Company introduces new products or services that are not favorably received;
- the Company is unable to successfully balance the Company's efforts to provide a compelling user experience with the decisions made by the Company with respect to the frequency, prominence, and size of ads and other commercial content that the Company displays;
- there are changes in user sentiment about the quality or usefulness of the Company's products or concerns related to privacy and sharing, safety, security, or other factors;

- the Company is unable to manage and prioritize information to ensure users are presented with content that is interesting, useful, and relevant to them;
- there are adverse changes in the Company's products that are mandated by legislation, regulatory authorities, or litigation, including settlements or consent decrees;
- technical or other problems prevent the Company from delivering the Company's products in a rapid and reliable manner or otherwise affect the user experience;
- the Company adopts policies or procedures related to areas such as sharing the Company's user data that are perceived negatively by the Company's users or the general public.
- the Company fails to provide adequate customer service to users, developers, or advertisers; or
- the Company, the Company's software developers, or other companies in the Company's industry are the subject of adverse media reports or other negative publicity.

If the Company is unable to build and/or maintain relationships with publishers and developers, the Company's revenue, financial results, and future growth potential may be adversely affected.

Risks Related to the Company's Business (continued)

If the Company fails to keep up with industry trends or technological developments, the Company's business, results of operations and financial condition may be materially and adversely affected.

The gaming industry is rapidly evolving and subject to continuous technological changes. The Company's success depends on the Company's ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and industry developments and offerings to serve the evolving needs of the Company's customers. The Company's growth strategy is focused on responding to these types of developments by driving innovation that will enable the Company to expand the Company's business into new growth areas. If Versus does not sufficiently invest in new technology and industry developments or evolve and expand the Company's business at sufficient speed and scale, or if Versus does not make the right strategic investments to respond to these developments and successfully drive innovation, the Company's services and solutions, the Company's results of operations, and the Company's ability to develop and maintain a competitive advantage and continue to grow could be negatively affected. In addition, the Company operates in a quickly evolving environment in which there currently are, and the Company expects will continue to be, new technology entrants. New services or technologies offered by competitors or new entrants may make the Company's offerings less differentiated or less competitive, when compared to other alternatives, which may adversely affect the Company's results of operations. Technological innovations may also require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. The Company cannot assure investors that the Company can obtain financing to cover such expenditures. Failure to adapt the Company's products and services to such changes in an effective and timely manner could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is subject to cybersecurity risks.

Cybersecurity risks and attacks continue to increase. Cybersecurity attacks are evolving and not always predictable. Attacks include malicious software, threats to information technology infrastructure, denial-of-service attacks on websites, attempts to gain unauthorized access to data, and other breaches. Data breaches can originate with authorized or unauthorized persons. Authorized persons could inadvertently or intentionally release confidential or proprietary information, and recipients could misuse data. Such events could lead to interruption of the Company's operations or business, unauthorized release or use of information, compromise of data, damage to the Company's reputation, damage to the Company's customers or vendors, and increased costs to prevent, respond to or mitigate any events.

The Company is a holding Company and depends upon the Company's subsidiaries for the Company's cash flows.

The Company is a holding company. All of the Company's operations are conducted, and almost all of the Company's assets are owned, by the Company's subsidiaries. Consequently, the Company's cash flows and the Company's ability to meet the Company's obligations depend upon the cash flows of the Company's subsidiaries and the payment of funds by these subsidiaries to the Company in the form of dividends, distributions or otherwise. The ability of the Company's subsidiaries to make any payments to the Company depends on their earnings, the terms of their indebtedness, including the terms of any credit facilities, of which there are currently none, and legal restrictions.

While there are no restrictions on the ability of the Company's subsidiaries to make any payments to the Company, such restrictions may arise in the future. Any failure to receive dividends or distributions from the Company's subsidiaries when needed could have a material adverse effect on the Company's business, results of operations or financial condition.

Risks Related to the Company's Business (continued)

The Company's insurance coverage may not adequately protect the Company against all future risks, which may adversely affect the Company's business and prospects.

The Company maintains insurance coverage, including for fire, acts of god and perils, terrorism, burglary, money, fidelity guarantee, professional liability including errors and omissions and breach of contract, commercial property, commercial general liability, cyber events including incident response costs, legal, forensic and breach management costs, cyber-crimes, system damage, rectification costs, business interruption and reputational harm, as well as directors' and officers' liability insurance and employee health and medical insurance, with standard exclusions in each instance. While the Company maintains insurance in amounts that the Company considers reasonably sufficient for a business of the Company's nature and scale, with insurers that the Company considers reliable and credit worthy, the Company may face losses and liabilities that are uninsurable by their nature, or that are not covered, fully or at all, under the Company's existing insurance policies. Moreover, coverage under such insurance policies would generally be subject to certain standard or negotiated exclusions or qualifications and, therefore, any future insurance claims by the Company may not be honored by the Company's insurers in full, or at all. In addition, the Company's premium payments under the Company's insurance policies may require a significant investment by the Company.

To the extent that the Company suffers loss or damage that is not covered by insurance or that exceeds the Company's insurance coverage, the loss will have to be borne by the Company and the Company's business, cash flow, financial condition, results of operations and prospects may be adversely affected.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and results of operations.

The Company is subject to laws and regulations enacted by national, regional and local governments. In particular, the Company is required to comply with certain United States Securities Exchange Commission and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Company's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on the Company's business and results of operations.

The Company is dependent upon the Company's executive officers and directors and their departure could adversely affect the Company's ability to operate.

The Company's operations are dependent upon a relatively small group of individuals and, in particular, the Company's executive officers and directors. The Company believes that the Company's success depends on the continued service of the Company's executive officers and directors. The Company does not have key-man insurance on the life of any of the Company's directors or executive officers. The unexpected loss of the services of one or more of the Company's directors or executive officers could have a detrimental effect on the Company.

The Company's executive officers, directors, security holders and their respective affiliates may have competitive pecuniary interests that conflict with the Company's interests.

The Company has not adopted a policy that expressly prohibits the Company's directors, executive officers, security holders or affiliates from having a direct or indirect pecuniary or financial interest in any investment to be acquired or disposed of by the Company or in any transaction to which the Company is a party or has an interest. The Company does not have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by the Company. Accordingly, such persons or entities may have a conflict between their interests and ours.

Risks Related to the Company's Business (continued)

Public health epidemics or outbreaks, such as COVID-19, could materially and adversely impact the Company's business.

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to several other countries and infections have been reported globally. Because COVID-19 infections have been reported throughout the United States, certain federal, state and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19. Additional, more restrictive proclamations and/or directives may be issued in the future.

To protect the health and well-being of the Company's employees and customers, the Company has implemented work-from-home requirements, made substantial modifications to employee travel policies, and cancelled or shifted marketing and other corporate events to virtual-only formats for the foreseeable future. While the Company continues to monitor the Company's circumstances and may adjust the Company's current policies as more information and public health guidance become available, these precautionary measures could negatively affect the Company's sales and marketing efforts, delay and lengthen the Company's sales cycles, or create operational or other challenges, any of which could harm the Company's business and results of operations.

While the Company believes the Company has not been significantly adversely impacted by COVID-19 to date, the Company believes COVID-19 and its variants continue to present the potential for adverse risks to the Company.

The potential impacts of COVID-19 and its variants on the Company's business, financial condition, and results of operations include, but are not limited to, the following:

- There may be a decrease in the willingness or ability of certain of the Company's customers or partners to move forward with integrations of the Company's platform into their products or media due to restructurings or cutbacks within their organizations or because their business, financial condition or operations have been adversely impacted by COVID-19.

- The Company's customers could potentially be negatively impacted by the outbreak, which may reduce their budgets for online advertising and marketing in 2022 and perhaps beyond. As a result, the Company's revenue, gross profit and net income may be negatively impacted in 2022 and perhaps beyond.

- The situation may worsen if the outbreak of COVID-19 and its variants continue. The Company's customers may request additional time to pay the Company or fail to pay the Company on time, or at all, which may require the Company to record additional allowances.

- The global stock markets have experienced, and may continue to experience, significant volatility from the COVID-19 outbreak, which may adversely affect the Company's ability to raise funds in the capital markets.

- If one or more of the Company's employees or customers becomes ill from coronavirus and attributes their infection to the Company, including through exposure at one of the Company's offices or facilities, the Company could be subject to allegations of failure to adequately mitigate the risk of exposure. Such allegations could harm the Company's reputation and expose the Company to the risks of litigation and liability.

Risks Related to the Company's Business (continued)

The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time but could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company's business may be harmed if the Company's licensing partners, or other third parties with whom Versus does business, act in ways that put the Company's brand at risk.

The Company offers a business-to-business software platform that allows video game publishers and developers, as well as other interactive media content creators, to offer in-game prizing and rewards, based on the completion of in-content challenges. The Company anticipates that the Company's business partners shall be given access to sensitive and proprietary information or control over the Company's intellectual property in order to provide services and support to the Company's teams. These third parties may misappropriate the Company's information or intellectual property and engage in unauthorized use of it or otherwise act in a way that places the Company's brand at risk. The failure of these third parties to provide adequate services and technologies, the failure of third parties to adequately maintain or update their services and technologies or the misappropriation or misuse of this information or intellectual property could result in a disruption to the Company's business operations or an adverse effect on the Company's reputation, and may negatively impact the Company's business.

If the Company fails to keep the Company's existing users highly engaged, to acquire new users, to successfully implement an award-prizes model for the Company's user community, the Company's business, profitability and prospects may be adversely affected.

The Company's success depends on the Company's ability to maintain and grow the number of users playing the Company's partners' games and other media and keeping the Company's users highly engaged. Of particular importance is the successful deployment and expansion of the Company's award-prizes model to the Company's gaming community for purposes of creating predictable recurring revenues.

A decline in the number of the Company's users may adversely affect the engagement level of the Company's users, the vibrancy of the Company's user community, or the popularity of the Company's award-prizes model, which may in turn reduce the Company's monetization opportunities, and have a material and adverse effect on the Company's business, financial condition and results of operations. If the Company is unable to attract and retain users, the Company's revenues may decline and the Company's results of operations and financial condition may suffer.

The Company's failure to protect the Company's intellectual property rights may undermine the Company's competitive position.

The Company believes that the Company's patents, copyrights, trademarks and other intellectual property are essential to the Company's success. Please see "Business—Intellectual Property" for more details. The Company depends to a large extent on the Company's ability to develop and maintain the intellectual property rights relating to the Company's existing portfolio of prizing, promotion and financial technologies that enable brands to reach the rapidly-growing competitive gaming audience of players, spectators and broadcasters. The Company has devoted considerable time and energy to the development and improvement of the Company's portfolio of prizing, promotion and financial technologies intellectual property.

Risks Related to the Company's Business (continued)

The Company relies primarily on a combination of patents, copyrights, trademarks and trade secrets laws, and contractual restrictions for the protection of the intellectual property used in the Company's business. Nevertheless, these provide only limited protection and the actions the Company take to protect the Company's intellectual property rights may not be adequate. The Company's trade secrets may become known or be independently discovered by the Company's competitors. The Company may have no or limited rights to stop the use of the Company's information by others. Moreover, to the extent that the Company's employees or third parties with whom Versus does business use intellectual property owned by others in their work for the Company, disputes may arise as to the rights to such intellectual property. Preventing any unauthorized use of the Company's intellectual property is difficult and costly and the steps the Company take may be inadequate to prevent the misappropriation of the Company's intellectual property. In the event that the Company resorts to litigation to enforce the Company's intellectual property rights, such litigation could result in substantial costs and a diversion of the Company's managerial and financial resources. The Company can provide no assurance that the Company will prevail in such litigation. Any failure in protecting or enforcing the Company's intellectual property rights could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's services or solutions could infringe upon the intellectual property rights of others or the Company might lose the Company's ability to utilize the intellectual property of others.

The Company cannot be sure that the Company's services and solutions do not infringe on the intellectual property rights of third parties, and these third parties could claim that the Company or the Company's clients are infringing upon their intellectual property rights. These claims could harm the Company's reputation, cause the Company to incur substantial costs or prevent the Company from offering some services or solutions in the future. Any related proceedings could require the Company to expend significant resources over an extended period of time. Any claims or litigation in this area could be time-consuming and costly, damage the Company's reputation and/or require the company to incur additional costs to obtain the right to continue to offer a service or solution to the Company's clients. If the Company cannot secure this right at all or on reasonable terms, or the Company cannot substitute alternative technology, the Company's results of operations could be materially adversely affected. The risk of infringement claims against the Company may increase as the Company expands the Company's industry software solutions.

In recent years, individuals and firms have purchased intellectual property assets in order to assert claims of infringement against technology providers and customers that use such technology. Any such action naming the Company or the Company's clients could be costly to defend or lead to an expensive settlement or judgment against the Company. Moreover, such an action could result in an injunction being ordered against the Company's client or the Company's own services or operations, causing further damages.

In addition, the Company relies on third-party software in providing some of the Company's services and solutions. If the Company loses the ability to continue using such software for any reason, including in the event that the software is found to infringe the rights of others, the Company will need to obtain substitute software or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. The Company's inability to replace such software, or to replace such software in a timely or cost-effective manner, could materially adversely affect the Company's results of operations.

Risks Related to the Company's Business (continued)

Third parties may register trademarks or domain names or purchase internet search engine keywords that are similar to the Company's trademarks, brands or websites, or misappropriate the Company's data and copy the Company's platform, all of which could cause confusion to the Company's users, divert online customers away from the Company's products and services or harm the Company's reputation.

Competitors and other third parties may purchase trademarks that are similar to the Company's trademarks and keywords that are confusingly similar to the Company's brands or websites in internet search engine advertising programs and in the header and text of the resulting sponsored links or advertisements in order to divert potential customers from the Company to their websites. Preventing such unauthorized use is inherently difficult. If the Company is unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential online customers away from the Company's platform to competing, irrelevant or potentially offensive platform, which could harm the Company's reputation and cause the Company to lose revenue.

The Company's business is highly dependent on the proper functioning and improvement of its information technology systems and infrastructure. The Company's business and operating results may be harmed by service disruptions, or by the Company's failure to timely and effectively scale up and adjust the Company's existing technology and infrastructure.

The Company's business depends on the continuous and reliable operation of the Company's information technology, or IT, systems. The Company's IT systems are vulnerable to damage or interruption as a result of fires, floods, earthquakes, power losses, telecommunications failures, undetected errors in software, computer viruses, hacking and other attempts to harm the Company's IT systems. Disruptions, failures, unscheduled service interruptions or a decrease in connection speeds could damage the Company's reputation and cause the Company's customers and end-users to migrate to the Company's competitors' platforms. If the Company experiences frequent or constant service disruptions, whether caused by failures of the Company's own IT systems or those of third-party service providers, the Company's user experience may be negatively affected, which in turn may have a material and adverse effect on the Company's reputation and business. The Company may not be successful in minimizing the frequency or duration of service interruptions. As the number of the Company's end-users increases and more user data are generated on the Company's platform, the Company may be required to expand and adjust the Company's technology and infrastructure to continue to reliably store and process content.

The Company uses third-party services and technologies in connection with the Company's business, and any disruption to the provision of these services and technologies to the Company could result in adverse publicity and a slowdown in the growth of the Company's users, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company's business partially depends on services provided by, and relationships with, various third parties. The Company exercises no control over the third parties with whom the Company has business arrangements. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with the Company, the Company could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on the Company's business, financial condition and results of operations.

VERSUS SYSTEMS INC.
Management's Discussion and Analysis
Nine Month Period Ended September 30, 2022

Risks Related to the Company's Business (continued)

In most cases, the Company relies on third party consumer-brand partners to fulfil the prizes and rewards for the Company's end users, players, viewers and participants. Disruption of this fulfilment could result in a poor user experience, adverse publicity, and a slowdown in growth of users, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company's business depends on rewards, earned by users, being fulfilled correctly by third party consumer-brands with whom the Company has business arrangements. While the Company has agreements with those consumer-brands, Versus does not exercise control over those companies. If, for any reason, the Company's customers do not fulfil the prizes or rewards in a manner that the Company's end users, players and/or viewers expect, the Company may suffer in the perception of those end users. This could result in loss of players, poor public relations, or lawsuits. Such event(s) would have a material adverse effect(s) on the Company's business, financial condition and may result in a loss of operations.

Risks Related to International Operations

The risks related to international operations, in particular in countries outside of the United States, could negatively affect the Company's results.

The Company expects to incur up to 20% of the Company's total expenses from transactions denominated in currencies other than the United States dollar, such as the Canadian dollar, and the British pound. As such, the Company's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the Company's control, including, but not limited to, recessions in foreign economies, expropriation, nationalization and limitation or restriction on repatriation of funds, assets or earnings, longer receivables collection periods and greater difficulty in collecting accounts receivable, changes in consumer tastes and trends, renegotiation or nullification of existing contracts or licenses, changes in gaming policies, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property particularly in countries with fewer intellectual property protections, the effects that evolving regulations regarding data privacy may have on the Company's online operations, adverse changes in the creditworthiness of parties with whom the Company has significant receivables or forward currency exchange contracts, labor disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted. The Company's operations may also be adversely affected by social, political and economic instability and by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of the Company's contracts is threatened for unexpected reasons, the Company's business may be harmed.

The Company's international activities may require protracted negotiations with host governments, national companies and third parties. Foreign government regulations may favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of United States or enforcing United States judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing the Company's rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on it. The Company believes that management's experience to date in commercializing the Company's products, services and solutions in China, Japan, the United Kingdom, the European Union, and other countries and regions around the world may be of assistance in helping to reduce these risks. Some countries in which the Company may operate may be considered politically and economically unstable.

Risks Related to International Operations (continued)

Doing business in the industries in which the Company operates often requires compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. The Company's management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Company's cost of doing business or affect the Company's operations in any area.

The Company may in the future enter into agreements and conduct activities outside of the jurisdictions where the Company currently carries on business, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the Company's results of operations and/or the Company's financial condition.

The Company is subject to foreign exchange and currency risks that could adversely affect the Company's operations, and the Company's ability to mitigate the Company's foreign exchange risk through hedging transactions may be limited.

The Company expects to incur up to 20% of the Company's expenses in currencies other than the United States dollar; however, a substantial portion of the Company's operating expenses are incurred in United States dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies may have a material adverse effect on the Company's business, financial condition and operating results. The Company's consolidated financial results are affected by foreign currency exchange rate fluctuations. Foreign currency exchange rate exposures arise from current transactions and anticipated transactions denominated in currencies other than United States dollars and from the translation of foreign-currency-denominated balance sheet accounts into United States dollar-denominated balance sheet accounts. The Company is exposed to currency exchange rate fluctuations because portions of the Company's revenue and expenses are denominated in currencies other than the United States dollar, particularly the Canadian dollar. Exchange rate fluctuations could adversely affect the Company's operating results and cash flows and the value of the Company's assets outside of the United States. If a foreign currency is devalued in a jurisdiction in which the Company is paid in such currency, then the Company's customers may be required to pay higher amounts for the Company's products or services, which they may be unable or unwilling to pay. Changes in exchange rates and the Company's limited ability or inability to successfully hedge exchange rate risk could have an adverse impact on the Company's liquidity and results of operations.

The Company may be unable to operate in new jurisdictions where the Company's customers operate because of new regulations.

The Company is subject to regulation in any jurisdiction where the Company's customers access the Company's systems. To expand into any such jurisdiction the Company may need to operate according to local regulations. In some cases this may require the Company to be licensed, or obtain approvals for the Company's products or services. If Versus does not receive, or receive a revocation of a license in a particular jurisdiction for the Company's products or services, the Company would not be able to sell or place the Company's products or services in that jurisdiction. Any such outcome could materially and adversely affect the Company's results of operations and any growth plans for the Company's business.

Risks Related to International Operations (continued)

Privacy concerns could result in regulatory changes and impose additional costs and liabilities on the Company, limit the Company's use of information, and adversely affect the Company's business.

Personal privacy has become a significant issue in the United States and many other countries in which the Company currently operates and may operate in the future. Many federal, state, and foreign legislatures and government agencies have imposed or are considering imposing restrictions and requirements about the collection, use, and disclosure of personal information obtained from individuals. Changes to laws or regulations affecting privacy could impose additional costs and liability on the Company and could limit the Company's use of such information to add value for customers. If the Company were required to change the Company's business activities or revise or eliminate services, or to implement burdensome compliance measures, the Company's business and results of operations could be harmed. In addition, the Company may be subject to fines, penalties, and potential litigation if the Company fails to comply with applicable privacy regulations, any of which could adversely affect the Company's business, liquidity and results of operation.

The Company's results of operations could be affected by natural events in the locations in which the Company operate or where the Company's customers or suppliers operate.

The Company, the Company's customers, and the Company's suppliers have operations in locations subject to natural occurrences such as severe weather and other geological events, including hurricanes, earthquakes, or floods that could disrupt operations. Any serious disruption at any of the Company's facilities or the facilities of the Company's customers or suppliers due to a natural disaster could have a material adverse effect on the Company's revenues and increase the Company's costs and expenses. If there is a natural disaster or other serious disruption at any of the Company's facilities, it could impair the Company's ability to adequately supply the Company's customers, cause a significant disruption to the Company's operations, cause the Company to incur significant costs to relocate or re-establish these functions and negatively impact the Company's operating results. While the Company intends to seek insurance against certain business interruption risks, such insurance may not adequately compensate the Company for any losses incurred as a result of natural or other disasters. In addition, any natural disaster that results in a prolonged disruption to the operations of the Company's customers or suppliers may adversely affect the Company's business, results of operations or financial condition.

Risks Related to Regulation

The Company is subject to various laws relating to trade, export controls, and foreign corrupt practices, the violation of which could adversely affect the Company's operations, reputation, business, prospects, operating results and financial condition.

The Company is subject to risks associated with doing business outside of the United States, including exposure to complex foreign and U.S. regulations such as the Foreign Corrupt Practices Act, or the FCPA, and other anti-corruption laws which generally prohibit U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions and other penalties. It may be difficult to oversee the conduct of any contractors, third-party partners, representatives or agents who are not the Company's employees, potentially exposing the Company to greater risk from their actions. If the Company's employees or agents fail to comply with applicable laws or company policies governing the Company's international operations, the Company may face legal proceedings and actions which could result in civil penalties, administration actions and criminal sanctions. Any determination that the Company has violated any anti-corruption laws could have a material adverse impact on the Company's business. Changes in trade sanctions laws may restrict the Company's business practices, including cessation of business activities in sanctioned countries or with sanctioned entities.

Risks Related to Regulation (continued)

Violations of these laws and regulations could result in significant fines, criminal sanctions against the Company, the Company's officers or the Company's employees, requirements to obtain export licenses, disgorgement of profits, cessation of business activities in sanctioned countries, prohibitions on the conduct of the Company's business and the Company's inability to market and sell the Company's products or services in one or more countries. Additionally, any such violations could materially damage the Company's reputation, brand, international expansion efforts, ability to attract and retain employees and the Company's business, prospects, operating results and financial condition.

Regulations that may be adopted with respect to the internet and electronic commerce may decrease the growth in the use of the internet and lead to the decrease in the demand for the Company's services.

The Company may become subject to any number of laws and regulations that may be adopted with respect to the internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the internet. The adoption of new laws or regulations relating to the internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the internet, decrease the demand for the Company's services, increase the Company's cost of doing business or could otherwise have a material adverse effect on the Company's business, revenues, operating results and financial condition.

Risks Related to the Company's Common Shares and the Company's Warrants

The Company's common shares and Unit A Warrants were only recently listed on The Nasdaq Capital Market and there can be no assurance that the Company will be able to comply with The Nasdaq Capital Market's continued listing standards.

The Company's common shares and Unit A Warrants commenced trading on The Nasdaq Capital Market on January 22, 2021. However, there can be no assurance any broker will be interested in trading the Company's common shares and/or Unit A Warrants. Therefore, it may be difficult to sell the Company's common shares and/or Unit A Warrants if investors desire or need to do so. The Company cannot provide any assurance that an active and liquid trading market in the Company's securities will develop or, if developed, that such market will continue. In addition, there is no guarantee that the Company will be able to maintain such listings for any period of time by perpetually satisfying The Nasdaq Capital Market's continued listing requirements. The Company's failure to continue to meet these requirements may result in the Company's securities being delisted from The Nasdaq Capital Market.

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

The market prices of the Company's common shares and Unit A Warrants are likely to be highly volatile because of several factors, including a limited public float.

The market prices of the Company's common shares and Unit A Warrants have experienced significant price and volume fluctuations and the prices of such securities are likely to be highly volatile in the future. You may not be able to resell the Company's common shares or Unit A Warrants following periods of volatility because of the market's adverse reaction to volatility.

Other factors that could cause such volatility may include, among other things:

- actual or anticipated fluctuations in the Company's operating results;
- the absence of securities analysts covering the Company and distributing research and recommendations about the Company;

- the Company may have a low trading volume for a number of reasons, including that a large portion of the Company's stock is closely held;
- overall stock market fluctuations;
- announcements concerning the Company's business or those of the Company's competitors;
- actual or perceived limitations on the Company's ability to raise capital when the Company requires it, and to raise such capital on favorable terms;
- conditions or trends in the industry;
- litigation;
- changes in market valuations of other similar companies;
- future sales of common shares;
- departure of key personnel or failure to hire key personnel; and
- general market conditions.

Any of these factors could have a significant and adverse impact on the market prices of the Company's common shares and/or the Company's Unit A Warrants. In addition, the stock market in general has at times experienced extreme volatility and rapid decline that has often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading prices of the Company's common shares and/or Unit A Warrants, regardless of the Company's actual operating performance.

The price of our common shares has not met the requirements for continued listing on the Nasdaq Capital Market. While we expect to regain compliance 10 days after giving effect to the one-for-15 reverse stock split of

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

our common shares effected on November 9, 2022, if we fail to regain or maintain compliance with the minimum listing requirements, our common shares will be subject to delisting. Our ability to publicly or privately sell equity securities and the liquidity of our common shares could be adversely affected if our common shares are delisted.

The Nasdaq continued listing standards require, among other things, that the minimum price of a listed company's stock be at or above $1.00. If the minimum bid price is below $1.00 for a period of more than 30 consecutive trading days, the listed company will fail to be in compliance with Nasdaq's listing rules and, if it does not regain compliance within the grace period, will be subject to delisting. The bid price of our common shares has recently closed below the minimum $1.00 per share requirement and on July 14, 2022 we received a notification of noncompliance from Nasdaq. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we will be afforded 180 calendar days, or until December 18, 2022, to regain compliance with the bid price requirement. In order to regain compliance, the bid price of our common shares must close at a price of at least $1.00 per share for a minimum of 10 consecutive trading days.

If we are not in compliance by December 18, 2022, we may be afforded a second 180-calendar day compliance period. To qualify for this additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for Nasdaq with the exception of the minimum bid price requirement and will need to provide written notice of its intention to cure the deficiency during the second compliance period.

We expect to regain compliance 10 days after giving effect to the one-for-15 reverse stock split of our common shares effected on November 9, 2022. However, there can be no assurance that we will regain compliance, or that we will remain in compliance in the future. If we do not regain compliance within the allotted compliance period(s), including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that our common shares will be subject to delisting. Delisting from Nasdaq could adversely affect our ability to consummate a strategic transaction and raise additional financing through the public or private sale of equity securities, and would significantly affect the ability of investors to trade our securities and negatively affect the value and liquidity of our common shares. Delisting could also have other negative results, including the potential loss of confidence by employees and the loss of institutional investor interest.

The Company's common shares have in the past been a "penny stock" under US Securities Exchange Commission rules, and the Company's Unit A Warrants may be subject to the "penny stock" rules in the future. It may be more difficult to resell securities classified as "penny stock."

In the past, the Company's common shares were a "penny stock" under applicable SEC rules (generally defined as non-exchange traded stock with a per-share price below US$5.00). While the Company's common shares and Unit A Warrants are not considered "penny stock" since being listed on The Nasdaq Capital Market, if the Company is unable to maintain that listing and the Company's common shares and/or the Company's Unit A Warrants are no longer listed on The Nasdaq Capital Market, unless the Company maintain a per-share price above US$5.00, the Company's common shares and/or Unit A Warrants will be considered "penny stock." These rules impose additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as "established customers" or "accredited investors." For example, Broker dealers must determine the appropriateness for non-qualifying persons of investments in penny stocks. Broker dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker-dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer's account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction.

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

Legal remedies available to an investor in "penny stocks" may include the following:

- If a "penny stock" is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment.

- If a "penny stock" is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages.

These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker dealers by such requirements may discourage broker-dealers from effecting transactions in the Company's securities, which could severely limit the market price and liquidity of the Company's securities. These requirements may restrict the ability of broker-dealers to sell the Company's common shares or the Company's warrants and may affect your ability to resell the Company's common shares and the Company's Unit A Warrants.

Many brokerage firms will discourage or refrain from recommending investments in penny stocks. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not invest in penny stocks due, among other reasons, to the increased financial risk generally associated with these investments.

For these reasons, penny stocks may have a limited market and, consequently, limited liquidity. The Company can give no assurance at what time, if ever, the Company's common shares or the Company's Unit A Warrants will not be classified as a "penny stock" in the future.

***The Company is subject to the continued listing criteria of Nasdaq, and the Company's failure to satisfy these criteria may result in delisting of the Company's common shares or Unit A Warrants from The Nasdaq Capital Market and could also jeopardize the Company's continued ability to trade in the United States on The Nasdaq Capital Market*.**

The Company's common shares and Unit A Warrants are currently listed for trading on The Nasdaq Capital Market. In order to maintain the listing on Nasdaq or any other securities exchange the Company may trade on, the Company must maintain certain financial and share distribution targets, including maintaining a minimum number of public shareholders. In addition to objective standards, Nasdaq may delist the Company's securities if, in the exchange's opinion, the Company's financial condition and/or operating results appear unsatisfactory; if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing inadvisable; if the Company sells or disposes of the Company's principal operating assets or ceases to be an operating company; if the Company fails to comply with the listing requirements; or if any other event occurs or any condition exists which, in their opinion, makes continued listing on the exchange inadvisable.

If the Nasdaq were to delist the Company's common shares, investors may face material adverse consequences, including, but not limited to, a lack of trading market for the Company's common shares, reduced liquidity, decreased analyst coverage, and/or an inability for the Company to obtain additional financing to fund the Company's operations.

If the benefits of any proposed acquisition do not meet the expectations of investors, shareholders or financial analysts, the market price of the Company's common shares and/or Unit A Warrants may decline.

If the benefits of any proposed acquisition do not meet the expectations of investors or securities analysts, the market price of the Company's common shares and/or Unit A Warrants prior to the closing of the proposed acquisition may decline. The market values of the Company's common shares and/or Unit A Warrants at the time of the proposed acquisition may vary significantly from their prices on the date the acquisition target was identified.

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

In addition, broad market and industry factors may materially harm the market price of the Company's common shares and/or Unit A Warrants irrespective of the Company's operating performance. The stock market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of the Company's securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to the Company could depress the price of the Company's common shares and/or Unit A Warrants regardless of the Company's business, prospects, financial conditions or results of operations. A decline in the market price of the Company's securities also could adversely affect the Company's ability to issue additional securities and the Company's ability to obtain additional financing in the future.

Shares eligible for future sale may adversely affect the market.

From time to time, certain of the Company's shareholders may be eligible to sell all or some of their common shares by means of ordinary brokerage transactions in the open market pursuant to Rule 144 promulgated under the US Securities Act of 1933, as amended, or the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, non-affiliate shareholders may sell freely after six months, subject only to the current public information requirement. Affiliates may sell after six months, subject to the Rule 144 volume, manner of sale (for equity securities), current public information, and notice requirements. Of the approximately 1,659,962 common shares outstanding as of September 30, 2022, approximately 1,505,467 shares are tradable without restriction. Given the limited trading of the Company's common shares, resale of even a small number of the Company's common shares pursuant to Rule 144 or an effective registration statement may adversely affect the market price of the Company's common shares.

The Company has never paid dividends on the Company's common shares and may not do so in the future.

Holders of the Company's common shares are entitled to receive such dividends as may be declared by the Company's board of directors. To date, the Company has paid no cash dividends on the Company's common shares and Versus does not expect to pay cash dividends on the Company's common shares in the foreseeable future. The Company intends to retain future earnings, if any, to provide funds for operations of the Company's business. Therefore, any return investors in the Company's common shares may have will be in the form of appreciation, if any, in the market value of their common shares.

If an active, liquid trading market for the Company's Unit A Warrants does not develop, you may not be able to sell your Unit A Warrants quickly or at a desirable price.

The Company's Unit A Warrants are currently exercisable and expire on the fifth anniversary of the date of issuance. The Unit A Warrants had an initial exercise price per share equal to $112.50. In the event that the stock price of the Company's common shares does not exceed the exercise price of the Unit A Warrants during the period when the Unit A Warrants are exercisable, the Unit A Warrants may not have any value.

There is no established trading market for the Company's Unit A Warrants, and to the extent a market develops, such market for the Unit A Warrants may be highly volatile or may decline regardless of the Company's operating performance. An active public market for the Company's Unit A Warrants may not develop or be sustained. We cannot predict the extent to which investor interest in the Company's company will lead to the development of an active trading market in the Company's Unit A Warrants or how liquid that market might become. If a market does not develop or is not sustained, it may be difficult to sell Unit A Warrants at a particular time, at an attractive price, or at all.

Holders of the Company's warrants will have no rights as a common shareholder until they acquire the Company's common shares.

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

Until acquiring the Company's common shares upon exercise warrants, warrant holders will have no rights as a shareholder in respect of the common shares underlying such warrants. Upon exercise of warrants, holders will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

The Company's articles and certain Canadian legislation contain provisions that may have the effect of delaying or preventing a change in control.

Certain provisions of the Company's articles could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors may be willing to pay for the Company's common shares. The material differences between the British Columbia Business Corporations Act, or BCBCA, and Delaware General Corporation Law, or DGCL, that may have the greatest such effect include, but are not limited to, the following: (i) for certain corporate transactions (such as mergers and amalgamations or amendments to the Company's articles) the BCBCA generally requires the voting threshold to be a special resolution approved by 66 2/3% of shareholders, whereas DGCL generally only requires a majority vote; and (ii) under the BCBCA a holder of 5% or more of the company's common shares can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL.

In addition, a non-Canadian must file an application for review with the Minister responsible for the Investment Canada Act and obtain approval of the Minister prior to acquiring control of a "Canadian Business" within the meaning of the Investment Canada Act, where prescribed financial thresholds are exceeded. Finally, limitations on the ability to acquire and hold the Company's common shares may be imposed by the Competition Act (Canada). The Competition Act (Canada) establishes a pre-merger notification regime for certain types of merger transactions that exceed certain statutory shareholding and financial thresholds. Transactions that are subject to notification cannot be closed until the required materials are filed and the applicable statutory waiting period has expired or been waived by the Commissioner. However, the Competition Act (Canada) permits the Commissioner of Competition to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in the Company, whether or not it is subject to mandatory notification. Otherwise, there are no limitations either under the laws of Canada or British Columbia, or in the Company's articles on the rights of non-Canadians to hold or vote the Company's common shares. Any of these provisions may discourage a potential acquirer from proposing or completing a transaction that may have otherwise presented a premium to the Company's shareholders. The Company cannot predict whether investors will find the Company's company and the Company's common shares less attractive because the Company is governed by Canadian laws.

Because the Company is a corporation incorporated under the laws of British Columbia and some of the Company's directors and officers are residents of Canada, it may be difficult for investors in the United States to enforce civil liabilities against the Company based solely upon the U.S. federal securities laws. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against the Company's directors and officers residing outside of Canada.

The Company is a corporation incorporated under the laws of British Columbia. Some of the Company's directors and officers and other experts named herein are residents of Canada and all or a substantial portion of the Company's assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon the Company or the Company's directors or officers who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the U.S. federal securities laws. Investors should not assume that Canadian courts: (1) would enforce judgments of U.S. courts obtained in actions against the Company or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue sky laws of any state within the United States or (2) would enforce, in original actions, liabilities against the Company or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws.

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

As a result of the Company's recently becoming a reporting Company under the Exchange Act, the Company will be obligated to develop and maintain proper and effective internal controls over financial reporting and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in the Company and, as a result, the value of the Company's common shares.

The Company is required, pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of the Company's internal control over financial reporting for the first fiscal year beginning after March 3, 2021. This assessment includes disclosure of any material weaknesses identified by the Company's management in the Company's internal control over financial reporting. The Company's independent registered public accounting firm will not be required to attest to the effectiveness of the Company's internal control over financial reporting until the Company's first annual report required to be filed with the SEC following the date the Company is no longer an emerging growth company, as defined in the JOBS Act. The Company will be required to disclose significant changes made in the Company's internal control procedures on a quarterly basis.

The Company is beginning the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, and the Company may not be able to complete the Company's evaluation, testing and any required remediation in a timely fashion. The Company's compliance with Section 404 requires that the Company incur substantial accounting expense and expend significant management efforts. While the Company currently has an internal audit group, the Company may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of the Company's internal controls, if the Company identifies one or more material weaknesses in the Company's internal control over financial reporting, the Company will be unable to assert that the Company's internal control over financial reporting is effective. The Company cannot provide assurance that there will not be material weaknesses or significant deficiencies in the Company's internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit the Company's ability to accurately report the Company's financial condition or results of operations. If the Company is unable to conclude that the Company's internal control over financial reporting is effective, the Company could lose investor confidence in the accuracy and completeness of the Company's financial reports, the market price of the Company's common shares could decline, and the Company could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in the Company's internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict the Company's future access to the capital markets.

The Company is an emerging growth Company within the meaning of the US Securities Act, and if the Company take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make the Company's securities less attractive to investors and may make it more difficult to compare the Company's performance with other public companies.

The Company is an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act, and the Company may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor internal controls attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in the Company's periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the Company's shareholders may not have access to certain information they may deem important. The Company could be an emerging growth company for up to five years, although circumstances could cause the Company to lose that status earlier, including if the market

<u>Risks Related to the Company's Common Shares and the Company's Warrants (continued)</u>

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

The Company will continue to incur increased costs as a result of operating as a reporting Company under the Exchange Act, and the Company's management will continue to be required to devote substantial time to compliance with the Company's reporting Company responsibilities and corporate governance practices.

As a reporting company under the US Exchange Act, and particularly after the Company is no longer an "emerging growth company," the Company will continue to incur significant legal, accounting and other expenses The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Capital Market and other applicable securities rules and regulations impose various requirements on public companies. The Company is also obligated to file with the Canadian securities regulators similar reports pursuant to securities laws and regulations applicable in all the provinces and territories of Canada in which the Company will be a reporting issuer. Compliance with these laws and regulations has increased and will continue to increase the Company's legal and financial compliance costs and make some activities more difficult, time-consuming or costly. The Company's management and other personnel must devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations increase the Company's legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for the Company to obtain directors' and officers' liability insurance, which could make it more difficult for the Company to attract and retain qualified members of the Company's board of directors. The Company cannot predict or estimate the amount of additional future costs the Company will incur as a public company or the timing of such costs.

value of the Company's common shares held by non-affiliates exceeds US$700 million as of any November 30 before that time, in which case the Company would no longer be an emerging growth company as of the following May 31. The Company cannot predict whether investors will find the Company's securities less attractive because the Company will rely on these exemptions. If some investors find the Company's securities less attractive as a result of the Company's reliance on these exemptions, the trading prices of the Company's securities may be lower than they otherwise would be, there may be a less active trading market for the Company's securities and the trading prices of the Company's securities may be more volatile.

The Company is a foreign private issuer under the rules and regulations of the SEC and, thus, are exempt from a number of rules under the Exchange Act and are permitted to file less information with the SEC than a Company incorporated in the U.S.

As a foreign private issuer under the Exchange Act, the Company is exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, the Company is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies with securities registered under the Exchange Act; the Company is not required to file financial statements prepared in accordance with U.S. generally accepted accounting principles; and the Company is not required to comply with SEC Regulation FD, which imposes certain restrictions on the selective disclosure of material information. In addition, the Company's officers, directors and principal shareholders are not subject to the reporting or short-swing profit recovery provisions of Section 16 of the Exchange Act or the rules under the Exchange Act with respect to their purchases and sales of the Company's common shares. Accordingly, you may receive less information about the Company than you would receive about a company incorporated in the United States and may be afforded less protection under the U.S. federal securities laws than you would be afforded with respect to a company incorporated in the United States. If the Company loses the status as a foreign private issuer at some future time, the Company will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if the Company were a company incorporated in the United States. The costs incurred in fulfilling these additional regulatory requirements could be substantial.

Additionally, pursuant to the Nasdaq Listing Rules, as a foreign private issuer, the Company may elect to follow the Company's home country practice in lieu of the corporate governance requirements of the Nasdaq Listing Rules, with the exception of those rules that are required to be followed pursuant to the provisions of the Nasdaq Listing Rules.

The Company has elected to follow Canadian practices in lieu of the requirements of the Nasdaq Listing Rules to the extent permitted under Nasdaq Listing Rule 5615(a)(3).

U.S. Holders of the Company's common shares may suffer adverse tax consequences if the Company is treated as a passive foreign investment Company.

A non-U.S. corporation generally will be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income (such as interest income) or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. Based on the current and anticipated composition of the income, assets and operations of the Company and its subsidiaries, Versus does not believe that the Company will be a PFIC for U.S. federal income tax purposes for the current taxable year or for future taxable years. However, the application of the PFIC rules is subject to uncertainty in several respects, and a separate determination must be made after the close of each taxable year as to whether the Company is a PFIC for that year. Changes in the composition of the Company's income or assets may cause the Company to become a PFIC. Accordingly, there can be no assurance that the Company will not be a PFIC for any taxable year. If the Company is a PFIC for any taxable year during which a U.S. Holder (as that term is defined below in "Material U.S. Federal Income Tax Considerations for U.S. Holders) holds the Company's common shares, such U.S. Holder may be subject to adverse tax consequences. In particular, absent certain elections, a U.S. Holder would generally be subject to U.S. federal income tax at ordinary income tax rates, plus a possible interest charge, in respect of a gain derived from a disposition of the Company's common shares, as well as certain distributions by the Company. The PFIC rules are complex, and each prospective investor is strongly urged to consult its tax advisors regarding the application of these rules to such investor's particular circumstances. See "Material United States Federal Income Tax Considerations for U.S. Holders".

Changes to tax laws may have an adverse impact on the Company and holders of the Company's common shares.

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws, or changes in the administrative pronouncements or positions by the Canada Revenue Agency, or CRA, may have a material adverse effect on the Company. In addition, tax authorities could disagree with the Company on tax filing positions taken by the Company and any reassessment of the Company's tax filings could result in material adjustments of tax expense, income taxes payable and deferred income taxes.

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws or changes in the administrative pronouncements or positions by the CRA, may also have a material adverse effect on the Company's shareholders and their investment in the Company's common shares. Purchasers of the Company's common shares

Risks Related to the Company's Common Shares and the Company's Warrants (continued)

should consult their tax advisors regarding the potential tax consequences associated with the acquisition, holding and disposition of the Company's common shares in their particular circumstances.

Additional Information

Additional information relating to the Company is available on the Company's website at www.versussystems.com and under the Company's profile on SEDAR at www.sedar.com.

Corporate Information

Directors:	Matthew Pierce Brian Tingle Michelle Gahagan Paul Vlasic Keyvan Peymani Jennifer Prince Shannon Pruitt
Officers:	Matthew Pierce, Chief Executive Officer Craig Finster, President and Chief Financial Officer Alex Peachey, Chief Technical Officer Amanda Armour, Chief People Officer Kelsey Chin, Corporate Secretary
Legal Counsel:	USA Fenwick &West, LLP 228 Santa Monica Blvd #300 Santa Monica, CA 90401 Canada Fasken Martineau DuMoulin LLP 333 Bay Street, Suite 2400 P.O. Box 20 Toronto, Ontario, M5H 2T6
Transfer Agent:	Computershare Trust Company of Canada 2nd Floor – 510 Burrard Street Vancouver, BC, V6C 3B9

Contact Information

Matthew Pierce, CEO
Versus Systems Inc.
1558 West Hastings Street
Vancouver, British Columbia V6G 3J4
Tel: 604-639-4457

Exhibit 99.3

Form 52-109F2 – IPO/RTO

Certification of Interim Filings Following
an Initial Public Offering, Reverse Takeover or
Becoming a Non-Venture Issuer

I, **Matthew Pierce, Chief Executive Officer of Versus Systems Inc.**, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Versus Systems Inc.** (the "issuer") for the interim period ended ***September 30, 2022***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **November 14, 2022**

/s/ Matthew Pierce

Chief Executive Officer

Form 52-109F2 – IPO/RTO
Certification of Interim Filings Following
an Initial Public Offering, Reverse Takeover or
Becoming a Non-Venture Issuer

I, **Craig Finster, Chief Financial Officer of Versus Systems Inc.**, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Versus Systems Inc.** (the "issuer") for the interim period ended ***September 30, 2022***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **November 14, 2022**

/s/ Craig Finster
Chief Financial Officer