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

FORM 10-Q

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

For the quarterly period ended **March 31, 2026**

or

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

For the transition period from ______________ to ______________

Commission File No. 001-39885

VERSUS SYSTEMS INC.
(Exact name of registrant as specified in its charter)

Delaware	**46-4542599**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3500 South DuPont Hwy. Dover, DE	**19901**
(Address of principal executive office)	(Zip Code)

(424) 226-8588
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value per share	VS	The Nasdaq Capital Market

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 14, 2026, there were 4,901,677 of the registrant's common shares outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Versus Systems Inc.
Condensed Consolidated Balance Sheets

	March 31, 2026 ($) (Unaudited)	December 31, 2025 ($)
ASSETS		
Current assets		
Cash and cash equivalents	$422,903	$527,388
Accounts receivable	193,300	836,000
Prepaid expenses	106,750	88,674
Total current assets	722,953	1,452,062
Intangible asset	936,000	609,000
Total assets	$ 1,658,953	$ 2,061,062
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 459,340	$ 142,759
Total current liabilities	459,340	142,759
Non-current liabilities		
Total liabilities	459,340	142,759
Stockholders' equity		
Share capital		
Preferred stock, no par value. 100,000,000 authorized shares; no shares issued or outstanding, respectively	-	-
Common stock and additional paid in capital, no par value. 200,000,000 authorized shares; 4,901,677 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	151,038,922	151,017,446
Accumulated other comprehensive income	520,524	441,995
Deficit	(141,951,719)	(141,268,519)
Total Versus Systems, Inc. stockholders' equity	9,607,727	10,190,922
Non-controlling interest	(8,408,114)	(8,272,619)
Total stockholders' equity	1,199,613	1,918,303
Total liabilities, non-controlling interest and stockholders' equity	$ 1,658,953	$ 2,061,062

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

Versus Systems Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	($)	($)
REVENUES	(Unaudited)	(Unaudited)
Revenues	17,300	199,347
Cost of revenues	-	8,223
Gross margin	17,300	191,124
EXPENSES		
Research and development	-	6,149
Selling, general and administrative	835,995	1,357,736
Total operating expenses	835,995	1,363,885
Operating loss	(818,695)	(1,172,761)
Other income, net	-	16,284
Loss before provision	(818,695)	(1,156,477)
Provision for income taxes	-	-
Net loss	(818,695)	(1,156,477)
Less: Net loss attributable to non-controlling interest	135,495	194,731
Net loss attributable to Versus Systems, Inc. Shareholders	(683,200)	(961,746)
Per Share Data:		
Basic and diluted earnings per share to shareholders	(0.14)	(0.20)
Weighted average shares - basic and diluted	4,901,677	4,901,677
Comprehensive income (loss)		
Net loss	(818,695)	(1,156,477)
Other comprehensive income (loss), net of tax		
Change in foreign currency translation, net of tax	78,529	(7,750)
Total comprehensive loss	(740,166)	(1,164,227)
Less: comprehensive loss attributable to non-controlling interest	135,495	194,731
Comprehensive loss attributable to shareholders	$ (604,671)	$ (969,496)

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

Versus Systems Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)

	Number of Common Shares	Number of Class "A" Shares	Common Shares ($)	Class "A" Shares ($)	Additional paid in Capital ($)	Currency translation adjustment ($)	Accumulated deficit ($)	Stockholders' equity ($)	Non-controlling Interest ($)	Total stockholders' equity ($)
Balance at December 31, 2024	4,901,677	-	134,075,745	-	16,511,273	318,659	(139,476,353)	11,429,324	(7,920,052)	3,509,272
Cumulative translation adjustment	-	-	-	-	-	7,750	-	7,750	-	7,750
Stock-based compensation	-	-	-	-	366,000	-	-	366,000	-	366,000
Net loss	-	-	-	-	-	-	(961,746)	(961,746)	(194,731)	(1,156,477)
Balance at March 31, 2025	4,901,677	-	134,075,745	-	16,877,273	326,409	(140,438,099)	10,841,328	(8,114,783)	2,726,545
Balance at December 31, 2025	4,901,677	-	134,075,745	-	16,941,701	441,995	(141,268,519)	10,190,922	(8,272,619)	1,918,303
Cumulative translation adjustment	-	-	-	-	-	78,529	-	78,529	-	78,529
Stock-based compensation	-	-	-	-	21,476	-	-	21,476	-	21,476
Net loss	-	-	-	-	-	-	(683,200)	(683,200)	(135,495)	(818,695)
Balance at March 31, 2026	4,901,677	-	134,075,745	-	16,963,177	520,524	(141,951,719)	9,607,727	(8,408,114)	1,199,613

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

Versus Systems Inc.
Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Cash flows from operating activities	**($)** (Unaudited)	**($)** (Unaudited)
OPERATING ACTIVITIES		
Net Loss	(818,695)	(1,156,477)
Adjustments to reconcile net loss to net cash:		
Stock-based compensation	21,476	366,000
Changes in operating assets and liabilities:		
Receivables	642,700	-
Prepaids	(18,076)	173,258
Deferred revenue	-	
Accounts payable and accrued liabilities	316,581	(24,226)
Cash provided by (used in) operating activities	143,986	(641,445)
INVESTING ACTIVITIES		
Development of intangible assets	(327,000)	-
Cash flows used in investing activities	(327,000)	-
Effect of foreign exchange	78,529	7,750
Change in cash and cash equivalents during the period	(104,485)	(633,695)
Cash and cash equivalents - Beginning of period	527,388	3,065,914
Cash and cash equivalents - End of period	422,903	2,432,219

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

1. NATURE OF OPERATIONS AND LIQUIDITY

Versus Systems Inc. (the Company) was continued under the Business Corporations Act (British Columbia) effective January 2, 2007. On December 24, 2024, a special resolution was approved authorizing and approving the continuance of the Company from the Province of British Columbia in accordance with the Business Corporations Act (British Columbia) into the State of Delaware in accordance with the Delaware General Corporation Law. The Company's headquarters is located at 3500 South DuPont Highway Dover, DE 19901. The Company's common stock is traded on the NASDAQ under the symbol "VS".

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 professional sports franchises across Major League Baseball ("MLB"), National Hockey League ("NHL"), National Basketball Association ("NBA") and the National Football League ("NFL") to drive audience engagement.

In September 2024 the Company closed down its operations within the United Kingdom, Versus Systems UK, Ltd.

In October 2024, the Company entered into a $2,500,000 funding agreement with ASPIS Cyber Technologies ("ASPIS"). Pursuant to that agreement, the Company issued to ASPIS a senior convertible promissory note in the principal amount of $2,500,000 (the "Senior Note"). The Senior Note provides that upon approval by the Company's shareholders and the Company's redomiciling to Delaware the amount funded to date plus, at ASPIS's option, any accrued and unpaid interest thereon, will be converted into units of the Company, each equal to (a) one common share of the Company and (b) a warrant to purchase one-half of one Common Share at a purchase price of $4.00 per one whole share, exercisable for five years.

On December 24, 2024, ASPIS converted the outstanding Senior Note into 2,155,172 shares of common stock and 1,077,586 common stock warrants at an exercise price of $4.00 per share. The warrants were deemed to be equity classified, therefore the book value of the Senior Note was converted to equity and recorded within additional paid in capital on the consolidated balance sheet.

Additionally, the Company entered into a Technology License and Software Development Agreement (the "License Agreement") in October 2024 which provides for the Company to license its gamification, engagement and QR code technology to ASPIS for use in ASPIS's website business and for development of additional functionality for Versus' technology.

Pursuant to the License Agreement, as amended by a side letter executed on August 11, 2025 and supported by a legal opinion and confirmation, the Initial Term is non-cancellable for twelve (12) months commencing April 30, 2025, with monthly license fees of $165,000 payable regardless of use. ASPIS will pay for any required technology modifications, improvements, and developments to Versus' technology in addition to the license fee. The Company retains ownership of the technology, and ASPIS holds an exclusive license to use it in the cybersecurity industry so long as ASPIS continues to pay the monthly license fee. The Company and ASPIS are currently engaged in discussions on the terms of a potential renewal or extension of the agreement following the expiration of the Initial Term.

Going Concern

These condensed 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 March 31, 2026, the Company is not able to finance day to day activities through operations and as such, there is substantial doubt as to the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments 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.

1. NATURE OF OPERATIONS AND LIQUIDITY (continued)

Management's plans include attempting to secure additional required funding through equity or debt financing, if available, seeking to enter into a partnership or other strategic agreement regarding, or sales or out-licensing of, its technology. There can be no assurance that we will be able to obtain required funding in the future. In the absence of additional financing, the Company's available cash resources would be reduced in the near term, which could require the Company to scale back or temporarily defer certain operating or development activities. Such actions could have a material effect on the Company's business and relationships with partners. If adequate funding is not secured, the Company may need to explore strategic alternatives, which could include restructuring or other actions that may adversely impact stockholder value. The Company has implemented cost-optimization initiatives, including workforce realignment and prioritization of development programs to align expenditures with near-term strategic objectives. Management believes that continued focus on strategic partnerships, product licensing, and disciplined cost management may provide the Company with opportunities to improve liquidity and position the business for longer-term growth. However, there can be no assurance that such initiatives will be sufficient to mitigate the conditions raising substantial doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and the requirements of the Securities Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on April 15, 2026.

In the opinion of our management, the information in these condensed consolidated financial statements reflects all adjustments, all of which are of a normal and recurring nature necessary for a fair statement of the financial position and results of operations for the reported interim periods. We consider events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries. The functional currency of our operating subsidiaries is generally the currency of the economic environment in which the subsidiary primarily does business. Our foreign subsidiaries' financial statements are translated into U.S. dollars using the foreign exchange rates applicable to the dates of the financial statements. Assets and liabilities are translated using the end-of-period spot foreign exchange rates. Income, expenses, and cash flows are translated at the average foreign exchange rates for each period. Equity accounts are translated at historical foreign exchange rates. The effects of these translation adjustments are reported as a component of accumulated other comprehensive income (loss) ("AOCI") in the consolidated statements of shareholders' equity.

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.

2. BASIS OF PRESENTATION (continued)

Use of estimates

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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. These estimates and assumptions include valuing equity securities in share-based payments and warrants; and the impairment of intangible assets.

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. The following shares have been excluded from earnings per share as their inclusion would be anti-dilutive, which include options as of March 31, 2026 of 320,557 (March 31, 2025 – 401,633) and warrants of 1,726,701 (March 31, 2025 – 1,733,741).

Share-based compensation

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

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

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company 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.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Revenue recognition

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Accounting Standards Codification ASC 606, Revenue from Contracts with Customers ("ASC 606"), the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only recognizes revenue from contracts when it is probable that the entity will collect substantially all the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

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

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 determines that the customer receives and consumes the benefits of the service simultaneously as the service is provided. The transaction price is allocated to the contractual performance obligations and recognized ratably over the contract term.

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. The Company generally measures progress comparing hours incurred to total estimated hours.

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.

During the three months ended March 31, 2026, the Company recognized $17,300 of revenue attributed to its legacy Xcite business. During the three months ended March 31, 2025 the Company recognized $176,000 attributed to professional services.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

License Revenue

On April 30, 2025, pursuant to the Technology License and Software Development Agreement (the "License Agreement") with ASPIS Cyber Technologies, Inc. ("ASPIS"), the Company delivered a functional license for its gamification, engagement, and QR code technology. ASPIS is an affiliate of Cronus Equity Capital Group, LLC ("CECG"), a significant shareholder of the Company. As of March 31, 2026, CECG beneficially owned approximately 20.20% of the Company's outstanding common shares, and ASPIS beneficially owned approximately 43.97% of the Company's outstanding common shares.

Under the License Agreement, as amended by a side letter executed on August 11, 2025 and supported by a legal opinion and confirmation, the Initial Term is non-cancellable for twelve (12) months commencing April 30, 2025, with monthly license fees of $165,000 payable regardless of use. ASPIS will pay for any required technology modifications, improvements, and developments to Versus' technology in addition to the license fee. The Company retains ownership of the technology, and ASPIS holds an exclusive license to use it in the cybersecurity industry so long as ASPIS continues to pay the monthly license fee.

Since the license is a functional license and the performance obligation was satisfied upon delivery on April 30, 2025, the Company recognized the entire transaction price of $1,980,000 as revenue in the quarter ended June 30, 2025. Any required technology modifications, improvements, and developments are separately payable by ASPIS and are not included in the fixed monthly license fee. The remaining fixed consideration is billed monthly over the remaining term in accordance with the contract's billing schedule and, because only the passage of time is required before payment is due, unpaid amounts are presented as receivables rather than contract assets. The Company invoices ASPIS with 30 day payment terms.

The Company has elected the practical expedient under ASC 606-10-32-18 and does not adjust the consideration for the effects of a significant financing component if the Company expects that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

No revenue was recognized attributed to the license agreement for the three months ended March 31, 2026 and 2025, respectively. The Company and ASPIS are currently engaged in discussions on the terms of a potential renewal or extension of the agreement following the expiration of the Initial Term.

Recent accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures ("Subtopic 220-40")*. This ASU improves financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This ASU will be effective for annual periods beginning after December 15, 2026, for interim reporting periods beginning after December 15, 2027, with early adoption is permitted. We are evaluating the potential impact of this guidance on our consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40):* Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 was issued to modernize the accounting for software costs that are accounted for under Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software (referred to as "internal-use software"). ASU 2025-06 removes all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 350-40. Therefore, an entity is required to start capitalizing software costs when both of the following occur: 1. Management has authorized and committed to funding the software project. 2. It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). ASU 2025-06 is effective for the Company January 1, 2028. The Company is currently evaluating the impact the adoption of the standard will have on the Company's consolidated financial position and results of operations.

Management does not believe any other recently issued but not yet effective accounting pronouncement, if adopted, would have a material effect on the Company's present or future consolidated financial statements.

4. NON-CONTROLLING INTEREST IN VERSUS LLC

The Company holds an 81.9% 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.

The net loss for Versus, LLC for the three-month periods ended March 31, 2026 and 2025 was $748,594 and $1,075,861, respectively. The net loss attributable to the non-controlling interest for the three-month periods ended March 31, 2026 and 2025 was $135,495 and $194,731, respectively

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as of March 31, 2026 and December 31, 2025, respectively.

	March 31, 2026 ($)	December 31, 2025 ($)
Assets		
Current	722,953	1,381,959
Non-current[(1)]	936,000	609,000
	1,658,953	**1,990,959**
Liabilities		
Current	459,340	101,758
Non-current[(2)]	45,777,715	45,877,726
	46,237,055	**45,979,484**
Net liabilities	**(44,578,102)**	**(43,988,525)**
Non-controlling interest	**(8,408,114)**	**(8,272,619)**

(1) The Company reclassed $609,000 into long-term for the year ended December 31, 2025 attributable to intangible assets.
(2) Non-current liabilities primarily relate to intercompany balances within the consolidated group.

5. INTANGIBLE ASSETS

Intangible assets consist of internally developed software costs related to the Company's hosted business-to-business software platform. The platform is used by the Company to provide services to customers and is not sold, transferred, or licensed to customers for their possession. The Company accounts for these costs as internal-use software under ASC 350-40. No amortization was recorded because the software had not been placed in service and was not ready for its intended use.

The Company reviews all finite lived intangible assets for impairment when circumstances indicate that their carrying values may not be recoverable. If the carrying value of an asset group is not recoverable, the Company recognizes an impairment loss for the excess carrying value over the fair value in its consolidated statements of operations. The Company did not record an impairment loss during the three months ended March 31, 2026 and 2025, respectively.

6. RELATED PARTY TRANSACTIONS

On October 7, 2024, the Company entered into a Business Funding Agreement (the “Funding Agreement”) with ASPIS Cyber Technologies, Inc. (“ASPIS”), pursuant to which ASPIS agreed to make a $2,500,000 investment in the Company. ASPIS, the Company’s largest shareholder, is a cloud-based mobile endpoint cyber security technology company for anti-tapping and anti-hacking within the government, finance, gaming and social media sectors.

ASPIS is an affiliate of Cronus Equity Capital Group, LLC (“CECG”). ASPIS holds approximately 43.97% and CECG holds approximately 20.20%, respectively, of the outstanding common shares of the Company based on the amount of Company common shares issued and outstanding as of March 31, 2026. See Note 7.

In addition, for the three months ended March 31, 2026 and 2025 ASPIS represented approximately 0% and 88% of revenue and 91% and 100% of the accounts receivable as of March 31, 2026 and 2025, respectively.

As of March 31, 2026 and December 31, 2025 the Company had a receivable balance owed from ASPIS of $176,000 and $836,000, respectively.

7. SHARE CAPITAL

a) Authorized share capital

The Company is authorized to issue three hundred million (300,000,000) shares, of which two hundred million (200,000,000) shares shall be Common Stock, and one hundred million (100,000,000) shares shall be Preferred Stock.

b) Issued share capital

During the three-month periods ended March 31, 2026 and 2025, the Company did not issue share capital.

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 15% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – December 31, 2025	401,557	2.57
Granted	-	-
Exercised	-	-
Forfeited	(81,000)	2.18
Balance – March 31, 2026	320,557	2.67
Vested and exercisable	240,557	2.83

For the three months ended March 31, 2026 and 2025 the Company recorded share-based compensation of $21,476 and $366,000, respectively, relating to options vested during the period. As of March 31, 2026, the remaining share-based compensation of $140,571 is expected to be recognized over 2.0 years. The remaining weighted average contractual term of the options outstanding as of March 31, 2026 is 8.95 years.

The intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option. Based on the fair market value of the Company's common stock at March 31, 2026 the total intrinsic value of all outstanding options was none.

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

	March 31, 2025
Risk-free interest rate	4.03%
Expected life of options	5 years
Expected dividend yield	Nil
Volatility	98.83%

7. SHARE CAPITAL (continued)

d) Share purchase warrants

At March 31, 2026, the Company had share purchase warrants outstanding as follows:

Expiration Date	Warrants Outstanding	Exercise Price	Weighted Average Remaining Life
		($)	(years)
February 28, 2027	20,689	460.80	0.82
December 6, 2027	13,781	20.00	1.58
December 9, 2027	9,876	17.60	1.25
January 18, 2028	25,906	124.80	1.83
February 2, 2028	10,938	14.40	1.83
October 17, 2028	543,468	3.68	2.33
October 17, 2028	24,457	4.05	2.33
December 24, 2029	1,077,586	4.00	3.42
	1,726,701	11.46	3.20

8. SEGMENT REPORTING

Our chief operating decision maker ("CODM"), the Chief Executive Officer, manages the Company's business activities as a single operating and reportable segment at the consolidated level. Accordingly, our CODM uses consolidated net loss to measure segment profit or loss, allocate resources and assess performance. Further, the CODM reviews and utilizes functional expenses (cost of revenues, research and development, and general and administrative) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net loss are interest income, other expense, net and the provision for income taxes, which are reflected in the consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the consolidated balance sheet as total assets.

9. COMMITMENTS AND CONTINGENCIES

From time to time the Company may become involved in other legal proceedings or be subject to claims arising in the ordinary course of business. Although the results of ordinary course litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, financial condition, results of operations or cash flows. Regardless of the outcome, litigation can have an adverse impact because of defense and settlement costs, diversion of management resources and other factors.

During the first quarter of 2026, the Audit Committee of the Board of Directors, with the assistance of outside advisors, completed an investigation into the misappropriation of Company assets by the Company's former Chief Financial Officer. The investigation determined that, between the fourth quarter of 2024 and the first quarter of 2026, approximately $829,895 of Company funds had been misappropriated as follows for the quarters ended December 31, 2024, March 31, 2025, June 30, 2025, September 30, 2025, December 31, 2025 and March 31, 2026: $10,995, $124,868, $196,711, $155,792, $298,568, and $42,961, respectively.

Management, under the oversight of the Audit Committee, evaluated the quantitative and qualitative significance of this matter, including the fact that it involved a former executive officer, in accordance with Staff Accounting Bulletin No. 99, *Materiality*, and Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. Based on that evaluation, management concluded that the amounts were not material to any previously issued annual or interim financial statements, individually or in the aggregate. Accordingly, the Company has not restated or revised any previously issued financial statements in connection with this matter.

The Company determined that the misappropriated amounts related to historical operating expenditures and were recorded within operating expenses in the periods in which they were incurred; accordingly, no adjustments to previously issued financial statements were required.

In March 2026, the Company's former Chief Financial Officer executed a promissory note dated March 23, 2026 to repay the misappropriated funds. Under the terms of the promissory note, the principal amount is payable to the Company in two installments due on April 22, 2026 and June 21, 2026. The Company is pursuing recovery of the amounts misappropriated; however, there can be no assurance that the Company will collect the promissory note in part or in full. As of May 15, 2026, no monies have been repaid on the promissory note. No receivable was recorded as of March 31, 2026 as collection was not reasonably assured.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events after the balance sheet date of March 31, 2026 through May 15, 2026, the date the consolidated financial statements were issued. Based upon its evaluation, management has determined that no subsequent events have occurred that would require recognition in the accompanying consolidated financial statements or disclosure in the notes thereto, except as described below:

Former CFO Promissory Note

In connection with the matter described in Note 9, the Company's former Chief Financial Officer executed a promissory note dated March 23, 2026 to repay the misappropriated funds. Under the terms of the promissory note, the principal amount is payable to the Company in two installments due on April 22, 2026 and June 21, 2026. The Company is pursuing recovery of the amounts misappropriated; however, there can be no assurance that the Company will collect the promissory note in part or in full. As of May 15, 2026, no monies have been repaid on the promissory note.

Stock Purchase Agreement

On April 15, 2026, the Company and ASPIS entered into a Stock Purchase Agreement (the "SPA"). Pursuant to the SPA, the Company will sell to ASPIS, and ASPIS will purchase for cash, a number of shares of Company common stock, at a price, equal to $1,700,000 divided by 105% of the closing price of a share of Company common stock on the day preceding consummation. The purchase price per share shall be 105% of such closing price. On May 15, 2026, the Company received notification from ASPSIS that they wired $1,200,000 pursuant to the Stock Purchase Agreement; however, no shares had been issued under the SPA as of such date. The Company expects to receive the remaining balance of the purchase price in the near future and all shares will be issued at that time.

Nasdaq Deficiency Letter

On April 29, 2026, the Nasdaq Stock Market, LLC ("Nasdaq") issued a deficiency letter to the Company. The basis of the letter is that as of December 31, 2025, the Company did not maintain a minimum of $2,500,000 in stockholders' equity as required for continued listing by Nasdaq Listing Rule 5550(b)(1). As disclosed in the Company's Form 10-K for the period ended December 31, 2025, the Company had stockholders' equity of $1,918,303. As of April 29, 2026, the Company did not meet the alternatives of market value of listed securities or net income from continuing operations.

The deficiency letter has no immediate effect on the listing of the Company's securities on Nasdaq. Nasdaq has provided the Company with 45 calendar days, or until June 13, 2026, to submit a plan to regain compliance with stockholders' equity requirement. If the Company's plan to regain compliance is accepted, Nasdaq may grant an extension until October 26, 2026, for the Company to regain compliance. The Company will submit its plans to regain compliance to Nasdaq on or before June 13, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with and is qualified in its entirety by reference to the condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed under "Risk Factors," set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, and any updates thereto set forth in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC"), including future SEC filings.

Overview

We offer a suite of proprietary business-to-business software tools that are meant to drive user engagement through gamification and rewards. These tools allow our partners to offer in-game prizing and rewards, including merchandise, coupons, digital goods, and sweepstakes entries — inside their websites, their venues, or their streaming media content.

Our customers mostly sports teams, venues (Arenas, Football Stadiums, Baseball Stadiums), fan engagement and sponsor activation platforms, digital out-of-home media companies, and advertising agencies, which typically use our products as part of their live events or as part of an advertising campaign with the goal of engaging fans, increasing consented first-party data, and increasing sales. At March 31, 2026 and December 31, 2025, we had four active customers.

Our products and games are designed so that end users could earn prizes by registering on our system and completing in-content challenges like trivia, polls, or casual mobile games. Players could use our system to play a variety of games and earn a wide range of prize types, provided by advertisers and sponsors. Our products, include our in-venue Filter Fan Cam ("FFC") products for live events, our stand-alone "Winfinite" product line that can be used by brands, advertising agencies, and content partners to reach potential customers outside of sports venues, on mobile devices, as well as the "Winfinite" Games, which are customizable web-based casual games. We also have an IP portfolio that could create future licensing and product development opportunities including our recently allowed Artificial Intelligence ("AI") and Machine Learning ("ML") series of patent claims.

With the acquisition of Xcite Interactive in June 2021, we acquired a number of key pieces of technology and relationships that have helped to drive our engagement and rewards business, including a live events fan engagement business that has partnered with professional sports franchises in the National Football League ("NFL"), the National Basketball Association ("NBA"), the National Hockey League ("NHL") and others to increase audience engagement using interactive gaming functions like trivia, polling, and casual games that can be played alongside live experiences whether a player is at-home, in a restaurant, or in-venue at the event itself. Our largest customers in 2024 were the Texas Rangers and San Jose Sharks. For the year ended December 31, 2025, the Company's largest customer was ASPIS, a significant shareholder and we continue to do business with the Texas Rangers.

We offer a suite of products centered on "Winfinite" and FFC. Our FFC platform is an Augmented Reality filtering tool that can be used for mobile and in-venue applications. In addition, we have a stand-alone gaming and prizing product that we call "Winfinite," which allows brands, media companies, and advertising agencies to reach out to customers directly on their mobile devices. We license these software products to teams, ad agencies, and other content creators.

Significant Components of Our Results of Operations

Revenue. In general, we recognize revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to us, 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 our activities as described below. Foreseeable losses, if any, are recognized in the year or period in which the loss is determined.

We earn revenue through the development and maintenance of custom-built software.

We recognize revenues received from the development and maintenance of custom-built software and other professional services provided upon the satisfaction of our performance obligation in an amount that reflects the consideration to which we expect 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, we recognize revenue by measuring the progress toward complete satisfaction of that performance obligation.

Our contracts with customers may include multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are capable of being distinct within the context of the contract. Determining which performance obligations are considered distinct may require significant judgment. Judgment is also required to determine the amount of revenue associated with each distinct performance obligation.

Operating Expenses. We classify our operating expense as research and development, and selling, general and administrative. Personnel costs are the primary component of each of these operating expense categories, which consist of cash-based personnel costs, such as salaries, benefits and bonuses. Additionally, these categories include professional fees and share-based compensation.

Operating Results

Comparison of Results of Operations for the Three-Month periods ended March 31, 2026 and March 31, 2025

The following table summarizes our results of operations for the three-month periods ended March 31, 2026 and 2025:

	For the Three Months Ended March 31,	
	2026	**2025**
Statement of Operations and Comprehensive Loss Data:		
Revenue	$ 17,300	$ 199,347
Cost of revenues	-	8,223
Gross Margin	17,300	191,124
Expenses		
Research and development	-	6,149
Selling, general and administrative	835,995	1,357,736
Total Operating Expenses	835,995	1,363,885
Operating loss	(818,695)	(1,172,761)
Other income/(expense)	-	16,284
Net loss	**(818,695)**	**(1,156,477)**

Revenue

Revenue was $17,300 for the three-month period ended March 31, 2026, representing a decrease of $182,047, or 91%, from $199,347 for the three-month period ended March 31, 2025. The decrease was primarily due to one-time consulting services attributed to the ASPIS arrangement which accounted for approximately $176,000 during the three months ended March 31, 2025.

Cost of revenues

Cost of revenues was $0 for the three-month period ended March 31, 2026, representing a decrease of $8,223 or 100%, from $8,223 for the three month period ended March 31, 2025. The decrease was primarily due to a change in revenue mix as the $17,300 of revenue was attributable to the Company's legacy Xcite business, which did not incur associated cost of revenues during the period.

Research and development

Research and development was $0 for the three month period ended March 31, 2026, representing a decrease of $6,149, or 100%, from $6,149 for the three month period ended March 31, 2025. The decrease was primarily due to a reduction in software costs.

Selling, general and administrative

Selling, general and administrative was $835,995 for the three-month period ended March 31, 2026, representing a decrease of $521,741, or 38%, from $1,357,736 for the three month period ended March 31, 2025. The decrease was primarily due to a decrease in administrative employees and stock compensation.

Loss from Operations

Loss from operations was $818,695 for the three month period ended March 31, 2026, representing a decrease of $354,066, or 30%, from $1,172,761 for the three month period ended March 31, 2025. The decrease was primarily the result of decreased expenses and headcount offset by the decrease in revenue.

Inflation

The effect of inflation on our revenue and operating results was not significant.

Liquidity and Capital Resources

Since inception, the Company has incurred operating losses as it continues to invest in developing and commercializing its technology platform. The company incurred a net loss of $0.8 million for the three months ended March 31, 2026. For the years ended December 31, 2025 and 2024, we incurred net losses of approximately $2.1 million and $4.6 million, respectively. During these periods, operations were primarily financed through residual proceeds from the Company's initial public offering of common shares in January 2021 and subsequent equity and debt transactions, including warrant exercises and private placements. In October 2024, warrant holders exercised approximately $0.9 million of warrants, and in November and December 2024 the Company raised $2.5 million through convertible notes. Our cash and cash equivalents as of March 31, 2026 was $0.4 million. Our primary cash needs are for working capital requirements, headcount, capital expenditures and to fund our operations.

We are subject to the risks and uncertainties common to emerging growth businesses. Management believes that current resources and expected operating revenues may not be sufficient to fund planned activities for the next twelve months. The report of our independent registered public accounting firm on the Company's consolidated financial statements for the year ended December 31, 2025 and 2024 included an explanatory paragraph noting that recurring operating losses, accumulated deficit, and negative operating cash flows raise substantial doubt about the Company's ability to continue as a going concern within one year after the issuance of those financial statements.

We are pursuing initiatives intended to improve cash flows from operations and continue to evaluate strategic and financing alternatives to strengthen liquidity. To execute the business plan and support growth initiatives, the Company may seek additional financing through equity or debt offerings, credit facilities, or other arrangements. There can be no assurance that such financing will be available on terms acceptable to the Company, or at all. Any future equity or equity-linked financing could dilute existing stockholders and may affect the market price of the Company's common shares, while debt financing, if obtained, could impose covenants or interest obligations. If sufficient funding is not secured when required, the Company may need to further align its operating expenditures with available resources, which could impact certain development programs or staffing levels. Management believes that disciplined cost control, continued customer engagement, and expansion into new markets may provide a foundation for improved liquidity over time; however, material uncertainties remain until additional financing or sustained positive cash flows are achieved.

The Company and ASPIS entered into a Stock Purchase Agreement (the "SPA"). Pursuant to the SPA, the Company will sell to ASPIS, and Aspis will purchase for cash, a number of shares of Company common stock, at a price, equal to $1,700,000 divided by 105% of the closing price of a share of Company common stock on the day preceding consummation. The purchase price per share shall be 105% of such closing price. On May 15, 2026, the Company received notification from ASPSIS that they wired $1,200,000 pursuant to the Stock Purchase Agreement; however, no shares had been issued under the SPA as of such date. The Company expects to receive the remaining balance of the purchase price in the near future and all shares will be issued at that time. Based on the Company's historic and projected expenses and revenues, the Company expects the proceeds from the SPA to result in the Company maintaining at least $2,500,000 in stockholders' equity through at least December 31, 2026.

In addition, as disclosed in Note 9, in the first quarter of 2026, the Audit Committee of the Company's Board of Directors conducted an internal investigation and determined that fraudulent activity involving the Company's former Chief Financial Officer had occurred. A promissory note was executed in connection therewith; however, there can be no assurance that such note will be collected in part or full or at all. As of May 15, 2026, no monies have been repaid on the promissory note.

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- future indebtedness and the interest we are obligated to pay on this indebtedness;
- the availability of public and private debt and equity financing;
- changes in exchange rates which will impact our generation of cash flows from operations when measured in CAD; and
- our capital expenditure requirements.

Cash Flows

The following summarizes the key components of our cash flows for the three month periods ended March 31, 2026 and 2025:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Net cash provided by (used in) operating activities	$ 143,986	$ (641,445)
Net cash used in investing activities	(327,000)	-
Net cash provided by financing activities	-	-
Effect of foreign exchange	78,529	7,750
Net decrease in cash and cash equivalents	$ (104,485)	$ (633,695)

Operating Activities

Net cash provided by operating activities for the three month period ended March 31, 2026 was $143,986 as compared to cash used in operations of $641,445 for the three month period ended March 31, 2025. The decrease in cash used in operating activities was primarily attributable to a decrease in the net loss of $337,782, increase in collections of accounts receivable of $642,700 and an increase in accounts payable and accrued liabilities of $340,807. These increases were offset by decreases in stock-based compensation of $344,524 and prepaid expenses of $191,334.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2026 was $327,000 as compared to $0 for the three months ended March 31, 2025. The change in cash flow used in investing activities was primarily attributable to monies spent on capitalized software development for technology attributed to the Company's new product offerings.

Financing Activities

No cash was used in or provided by financing activities for the three months ended March 31, 2026 and 2025, respectively.

Critical Accounting Policies and Estimates

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

Our critical accounting estimates reflecting management's estimates and judgments are described in our Annual Report on Form 10-K for the year ended December 31, 2025. We have reviewed recently issued accounting pronouncements and are evaluating the potential impact, if any, on our condensed consolidated financial statements. Accordingly, there have been no material changes to critical accounting policies and estimates as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required under Regulation S-K for smaller reporting companies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our management, with the participation of our principal executive and principal financial officer, has concluded that, as of March 31, 2026, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure, due to the material weaknesses in our internal controls over financial reporting described below.

Management believes that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

Material Weakness in Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis.

The Company identified the following material weaknesses in its internal control over financial reporting:

- The Company did not design and implement effective segregation of duties within the cash disbursement process, which increased the risk of misappropriation of assets. Although third-party consultants assisted with financial reporting and supporting the audit and review processes, the former CFO had the ability to initiate, record, and process transactions without sufficient independent review. The limited number of accounting and finance personnel contributed to incompatible duties being concentrated without sufficient independent oversight; and

- Certain key entity-level and financial reporting controls, including processes to identify and assess financial reporting risks (including fraud and misappropriation of assets), manage user and privileged access to systems supporting financial reporting and cash disbursements, and perform review and approval of journal entries were not adequately designed or implemented to mitigate this risk. This was primarily driven by fraudulent actions of the former CFO, which circumvented established processes, and was exacerbated by limited resources.

Remediation Plan and Activities

Our management, under the oversight of the Audit Committee, has developed a plan to remediate the material weaknesses described above. The remediation plan includes improving segregation of duties through organizational changes, implementing controls requiring independent preparation and review of key financial reporting activities, and strengthening controls over cash disbursements.

We will continue to evaluate and improve our internal control over financial reporting to address this issue and ensure the effectiveness of our financial reporting processes. Although we have taken steps to implement our remediation plan, the material weakness will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are effective. We will continue to monitor the effectiveness of our remediation plan and refine the remediation plan as appropriate.

Changes in Internal Control Over Financial Reporting

The Company has implemented certain changes in its internal controls, including addition of qualified accounting personnel and the formalization of enhanced review and approval procedures for journal entries and cash disbursements to remediate the material weakness described above. Except as noted above, no change to the Company's internal control over financial reporting occurred during the three months ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the risk factors set forth in the section titled “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on April 15, 2026 (our “Annual Report”). Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Annual Report, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report. The risks and uncertainties described in our Annual Report are not the only ones we face, and additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common shares could decline and you could lose part or all of your investment.

If we do not successfully raise additional capital, improve our operating cash flow, or complete a strategic transaction, our board of directors may decide to pursue a dissolution and liquidation of our company. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such liquidation as well as the amount of cash that must be reserved for commitments and contingent liabilities, as to which we can give you no assurance.

There can be no assurance that we will successfully raise additional capital, that we will improve our operating cash flow, or that we will be able to complete a strategic transaction. If none of those occur, our board of directors may decide to pursue a dissolution and liquidation of our company. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such decision and, ultimately, such liquidation, since the amount of cash available for distribution continues to decrease as we fund our operations while pursuing a financing, improved operations, or a strategic transaction. In addition, if our board of directors were to approve and recommend a dissolution and liquidation of our company, under Delaware law, before a dissolved corporation may make any distribution to its stockholders, it must pay or make reasonable provision to pay all of its claims and obligations, including all contingent, conditional or unmatured contractual claims known to the corporation. As a result of this requirement, a portion of our assets would need to be reserved pending the resolution of such obligations.

In addition, we may be subject to litigation or other claims related to a dissolution and liquidation of our company. If a dissolution and liquidation were to be pursued, our board of directors, in consultation with our advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, holders of our common stock could lose all or a significant portion of their investment in the event of a liquidation, dissolution or winding up of our company. A liquidation would be a lengthy and uncertain process with no assurance of any value ever being returned to our stockholders.

If we fail to regain or thereafter do not maintain compliance with the continued listing requirements of Nasdaq, our common stock may be delisted.

Our common stock is currently listed on the Nasdaq Capital Market. To maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those relating to stockholders’ equity, market value of publicly held shares minimum bid price, and corporate governance requirements. There can be no assurance that we will regain compliance with the minimum stockholders’ equity requirement or continue to satisfy the other listing requirements. If we fail to regain or maintain compliance with Nasdaq listing standards, our common stock could be delisted, which could negatively impact the liquidity and market price of our securities, prevent analyst coverage, decrease the ability of investors to trade our securities, and impair our ability to raise capital.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Default Upon Senior Securities

None

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

During the three months ended March 31, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following documents are filed as a part of this report or incorporated herein by reference:

Exhibit Number	Exhibit Description	Incorporation by Reference Form	Filing Date	Exhibit Number
3.1	Certificate of Corporate Domestication and Certificate of Incorporation	8-K	12/26/2024	3.1
3.2	Bylaws	S-4	11/14/2024	3.2
4.1	Specimen Stock Certificate evidencing common shares.	F-1/A	1/11/2021	4.1
4.2	Warrant Agent Agreement dated January 20, 2021 between Versus System Inc. and Computershare, including forms of Unit A Warrants and Unit B Warrants.	6-K	1/21/2021	99.2
4.3	Representative Warrant Agreement dated January 20, 2021.	F-1/A	12/14/2020	4.3
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*		
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*		
32.1	Certifications of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*		
32.2	Certifications of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*		
101.INS	Inline XBRL Instance Document.			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

SIGNATURES

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: May 15, 2026	/s/ Luis Goldner
	Luis Goldner Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luis Goldner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Versus Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2026

By: /s/ Luis Goldner
Name: Luis Goldner
Title: Chief Executive Officer
(Principal Financial and Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luis Goldner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Versus Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2026

By: /s/ Luis Goldner
Name: Luis Goldner
Title: Chief Executive Officer
(Principal Financial and Executive Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Luis Goldner, Chief Executive Officer of Versus Systems Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of Versus Systems Inc. for the three-month period ended March 31, 2026 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Versus Systems Inc.

Date: May 15, 2026

By: /s/ Luis Goldner
Name: Luis Goldner
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Luis Goldner, Chief Financial Officer of Versus Systems Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of Versus Systems Inc. for the three-month period ended March 31, 2026 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Versus Systems Inc.

Date: May 15, 2026

By: /s/ Luis Goldner
Name: Luis Goldner
Title: Chief Executive Officer
(Principal Financial and Executive Officer)