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 **June 30, 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 August 12, 2026, there were 6,212,646 of the registrant's common shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Versus Systems Inc.
Condensed Consolidated Balance Sheets

	June 30, 2026 ($) (Unaudited)	December 31, 2025 ($)
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,361,714	$ 527,388
Accounts receivable	1,596,000	836,000
Prepaid expenses	91,290	88,674
Total current assets	3,049,004	1,452,062
Intangible asset	1,263,000	609,000
Total assets	$ 4,312,004	$ 2,061,062
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 761,499	$ 142,759
Total current liabilities	761,499	142,759
Total liabilities	761,499	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; 6,212,646 and 4,901,677 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	152,754,541	151,017,446
Accumulated other comprehensive income	561,524	441,995
Deficit	(141,478,422)	(141,268,519)
Total Versus Systems, Inc. stockholders' equity	11,837,643	10,190,922
Non-controlling interest	(8,287,138)	(8,272,619)
Total stockholders' equity	3,550,505	1,918,303
Total liabilities, non-controlling interest and stockholders' equity	$ 4,312,004	$ 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 June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
	($)	($)	($)	($)
REVENUES				
Revenues	6,821	-	24,121	23,348
Revenues – related party	1,485,000	1,980,000	1,485,000	2,156,000
Cost of revenues	-	8,222	-	16,446
Gross profit	1,491,821	1,971,778	1,509,121	2,162,902
EXPENSES				
Research and development	-	6,219	-	12,368
Selling, general and administrative	897,548	1,026,758	1,733,543	2,384,494
Total operating expenses	897,548	1,032,977	1,733,543	2,396,862
Operating income (loss)	594,273	938,801	(224,422)	(233,960)
Other income (expense), net	-	3,660	-	19,944
Income (loss) before provision for income taxes	594,273	942,461	(224,422)	(214,016)
Provision for income taxes	-	-	-	-
Net income (loss)	594,273	942,461	(224,422)	(214,016)
Less: net income (loss) attributable to non-controlling interest	120,976	270,126	(14,520)	75,396
Net income (loss) attributed to Versus Systems, Inc. Shareholders	473,297	672,335	(209,902)	(289,412)
Per Share Data:				
Basic and diluted earnings (loss) per share to shareholders	0.10	0.14	(0.04)	(0.06)
Weighted average shares - basic	4,959,302	4,901,677	4,930,490	4,901,677
Diluted earnings (loss) per share to shareholders	0.10	0.14	(0.04)	(0.06)
Weighted average shares - diluted	4,959,302	4,927,369	4,930,490	4,901,677
Comprehensive income (loss):				
Net income (loss)	594,273	942,461	(224,422)	(214,016)
Other comprehensive (loss) income, net of tax				
Change in foreign currency translation, net of tax	(41,000)	(117,564)	(119,529)	(125,314)
Total comprehensive income (loss)	553,273	824,897	(343,951)	(339,330)
Less: comprehensive income (loss) attributable to non-controlling interest	120,976	270,126	(14,520)	75,396
Comprehensive income (loss) attributable to shareholders	$ 432,297	$ 554,771	$ (329,431)	$ (414,726)

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	Common Shares	Additional paid in Capital	Currency translation adjustment	Accumulated deficit	Stockholders' equity	Non-controlling Interest	Total stockholders' equity
		($)	($)	($)	($)	($)	($)	($)
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
Stock-based compensation	-	-	21,476	-	-	21,476	-	21,476
Cumulative translation adjustment	-	-	-	78,529	-	78,529	-	78,529
Net Loss	-	-	-	-	(683,200)	(683,200)	(135,495)	(818,695)
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
Stock-based compensation	-	-	15,619	-	-	15,619	-	15,619
Issuance of common stock	1,310,969	-	1,700,000	-	-	1,700,000	-	1,700,000
Cumulative translation adjustment	-	-	-	41,000	-	41,000	-	41,000
Net Income	-	-	-	-	473,297	473,297	120,976	594,273
Balance at June 30, 2026	6,212,646	134,075,745	18,678,796	561,524	(141,478,422)	11,837,643	(8,287,138)	3,550,505

	Number of Common Shares	Common 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
Stock-based compensation	-	-	366,000	-	-	366,000	-	366,000
Cumulative translation adjustment	-	-	-	7,750	-	7,750	-	7,750
Net Loss	-	-	-	-	(961,746)	(961,746)	(194,731)	(1,156,477)
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
Stock-based compensation	-	-	21,476	-	-	21,476	-	21,476
Cumulative translation adjustment	-	-	-	117,564	-	117,564	-	117,564
Net Income	-	-	-	-	672,335	672,335	270,126	942,461
Balance at June 30, 2025	4,901,677	134,075,745	16,898,749	443,973	(139,765,764)	11,652,703	(7,844,657)	3,808,046

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

Versus Systems Inc.
Condensed Consolidated Statements of Cash Flows

Cash flows from operating activities	Six Months Ended June 30, 2026 ($) (Unaudited)	Six Months Ended June 30, 2025 ($) (Unaudited)
OPERATING ACTIVITIES		
Net Loss	(224,422)	(214,016)
Adjustments to reconcile net loss to net cash:		
Stock-based compensation	37,095	387,476
Changes in operating assets and liabilities:		
Receivables – related party	(760,000)	(330,000)
Contract asset – related party	-	(1,650,000)
Prepaids	(2,615)	289,669
Deferred revenue	-	-
Accounts payable and accrued liabilities	618,739	7,899
Cash used in operating activities	(331,203)	(1,508,972)
INVESTING ACTIVITIES		
Development of intangible assets	(654,000)	-
Cash flows used in investing activities	(654,000)	-
FINANCING ACTIVITIES		
Issuance of common stock	1,700,000	-
Cash flows provided by financing activities	1,700,000	-
Effect of foreign exchange	119,529	125,314
Change in cash and cash equivalents during the period	834,326	(1,383,658)
Cash and cash equivalents - Beginning of period	527,388	3,065,914
Cash and cash equivalents - End of period	1,361,714	1,682,256

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 a fan engagement and rewards technology company that builds interactive experiences inside media, entertainment, and sports environments. Their core product is a real time rewards engine that lets viewers or players earn prizes, gift cards, discounts, merchandise, experiences, by completing challenges or engaging with 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.

On April 15, 2026, the Company and ASPIS entered into a Stock Purchase Agreement (the "SPA"). Pursuant to the SPA, the Company sold to ASPIS, and ASPIS purchased 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 was 105% of such closing price. On June 26, 2026, the Company consummated the transaction contemplated by its Stock Purchase Agreement with ASPIS dated April 15, 2026. Specifically, the Company issued 1,310,969 shares of Company common stock for total consideration of $1,700,000.

In addition, on May 15, 2026, ASPIS renewed and extended its Technology License and Software Development Agreement with the Company. Pursuant to this amendment, the Company delivered a functional license for its gamification, engagement, and QR code technology, and ASPIS will pay the Company a license fee of $165,000 per month through at least January 31, 2027. Since the license is a functional license and the performance obligation was satisfied upon delivery, the Company recognized the entire transaction price of $1,485,000 as revenue in the quarter ended June 30, 2026.

The Company has established a partnership with Drinkfinger to support the Company's expansion into the Latin American market and to enhance its fan engagement product offerings. Drinkfinger is a simple, lightweight device that attaches to a beverage and includes a QR code that launches Versus' interactive experiences without requiring an app download. When fans scan the Drinkfinger, Versus delivers real time games, predictions, instant win rewards, and AR features that increase engagement and provide measurable value for brands and venues. This partnership is expected to expand the Company's reach with new customers, deepen fan interaction at live events, and create incremental revenue opportunities through rewards, sponsorship activations, and data driven engagement programs.

1. NATURE OF OPERATIONS AND LIQUIDITY (continued)

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 June 30, 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.

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 and 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 could result in material adjustments if actual results differ from management's assumptions. 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 June 30, 2026 of 320,557 (June 30, 2025 – 401,633) and warrants of 1,726,701 (June 30, 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 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.

Provision for Credit Losses

The Company accounts for credit losses on accounts receivable in accordance with ASC 326, *Financial Instruments—Credit Losses*. The Company evaluates its receivables based on shared risk characteristics and assesses the collectibility of the related balances.

The allowance for expected credit losses is based on relevant available information, which may include historical collection experience, the aging of receivables, customer-specific factors, current conditions, and reasonable and supportable forecasts. Receivables may be evaluated individually when appropriate.

Accounts are written off against the allowance when they are considered uncollectible. Changes in the allowance are recognized in the statement of operations. As of June 30, 2026, the Company recorded a receivable and a corresponding allowance for credit losses for the full amount of the receivable, as collection is not expected as it pertains to the $829,895 owed by the former CFO of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company accounts for income taxes using the asset and liability method; under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax reporting basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, if all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to the provision of income taxes in the period when such determination is made.

Tax benefits related to uncertain tax positions are recognized when it is more likely than not that a tax position will be sustained during an audit. Tax positions that meet the more-likely-than-not threshold are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with the taxing authority. Interest and penalties related to unrecognized tax benefits are included within the provision for income tax.

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.

No tax provision was recorded for the three and six months ended June 30, 2026 as a result of the forecasted loss for the full fiscal year and the availability of net operating losses to offset any potential income recognized, if any in fiscal 2026.

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 functional IP or 2) development and maintenance of custom-built software or other professional services.

The Company recognizes revenue when or as the performance obligations in the contract are satisfied. For performance obligations that are fulfilled at a point in time, revenue is recognized at the fulfillment of the performance obligation. Since the IP is determined to be a functional license, the value of the grant of use is recognized in the first period of the contract term in which the license agreement is in force.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

During the three months ended June 30, 2026 and 2025, the Company recognized $6,821 and no revenue attributed to its legacy Xcite business. During the six months ended June 30, 2026 and 2025, the Company recognized $24,121 and $23,348 of revenue attributed to its legacy Xcite business. During the three months ended June 30, 2026 and 2025 the Company recognized $1,485,000 and $1,980,000 of revenue attributed to its Technology License and Software Development Agreement with ASPIS. During the six months ended June 30, 2026 and 2025 the Company recognized $1,485,000 and $2,156,000 of revenue attributed to its agreement with ASPIS.

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 June 30, 2026, CECG beneficially owned approximately 15.94% of the Company's outstanding common shares, and ASPIS beneficially owned approximately 55.79% 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.

On May 15, 2026, ASPIS renewed and extended its Technology License and Software Development Agreement with the Company. ASPIS will pay the Company a license fee of $165,000 per month through at least January 31, 2027. Since the license is a functional license and the performance obligation was satisfied upon delivery, the Company recognized the entire transaction price of $1,485,000 as revenue in the quarter ended June 30, 2026.

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.

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 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 income for Versus LLC for the three-month periods ended June 30, 2026 and 2025 was $668,374 and $1,492,412, respectively. The net income attributable to the non-controlling interest for the three-month periods ended June 30, 2026 and 2025 was $120,976 and $270,126, respectively. The net income (loss) for Versus, LLC for the six-month periods ended June 30, 2026 and 2025 was $(80,220) and $416,551, respectively. The net income (loss) attributable to the non-controlling interest for the six-month periods ended June 30, 2026 and 2025 was $(14,520) and $75,396, respectively.

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as of June 30, 2026 and December 31, 2025, respectively.

	June 30, 2026	December 31, 2025
	($)	($)
Assets		
Current	3,049,004	1,381,959
Non-current[(1)]	1,263,000	609,000
	4,312,004	**1,990,959**
Liabilities		
Current	732,397	101,758
Non-current[(2)]	45,877,727	45,877,726
	46,610,124	**45,979,484**
Net liabilities	**(42,298,120)**	**(43,988,525)**
Non-controlling interest	**(8,287,138)**	**(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 six months ended June 30, 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 55.79% and CECG holds approximately 15.94%, respectively, of the outstanding common shares of the Company based on the amount of Company common shares issued and outstanding as of June 30, 2026. See Note 7.

On April 15, 2026, the Company and ASPIS entered into a Stock Purchase Agreement (the "SPA"). Pursuant to the SPA, the Company sold to ASPIS, and ASPIS purchased 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 was 105% of such closing price. On June 26, 2026, the Company consummated the transaction contemplated by its Stock Purchase Agreement with ASPIS dated April 15, 2026. Specifically, the Company issued 1,310,969 shares of Company common stock for total consideration of $1,700,000.

In addition, on May 15, 2026, ASPIS renewed and extended its Technology License and Software Development Agreement with the Company. Pursuant to this amendment, the Company delivered a functional license for its gamification, engagement, and QR code technology, and ASPIS will pay the Company a license fee of $165,000 per month through at least January 31, 2027. Since the license is a functional license and the performance obligation was satisfied upon delivery, the Company recognized the entire transaction price of $1,485,000 as revenue in the quarter ended June 30, 2026.

In addition, for the three months ended June 30, 2026 and 2025, ASPIS represented approximately 99.5% and 100% of revenue and 98.4% and 98.9% of revenue for the six months ended June 30, 2026 and 2025. respectively. ASPIS represented 100% of the accounts receivable as of June 30, 2026 and December 31, 2025, respectively.

As of June 30, 2026 and December 31, 2025 the Company had a receivable balance owed from ASPIS of $1,596,000 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-and-six month periods ended June 30, 2026, the Company issued 1,310,969 shares of common stock for total proceeds of $1.7 million.

During the three and six month periods ended June 30, 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.

7. SHARE CAPITAL (continued)

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 – June 30, 2026	320,557	2.67
Vested and exercisable	250,557	2.80

For the three months ended June 30, 2026 and 2025 the Company recorded share-based compensation of $15,619 and $21,476, respectively, relating to options vested during the period. For the six months ended June 30, 2026 and 2025 the Company recorded share-based compensation of $37,095 and $387,476, respectively, relating to options vested during the period. As of June 30, 2026, the remaining share-based compensation of $109,333 is expected to be recognized over 2.0 years. The remaining weighted average contractual term of the options outstanding as of June 30, 2026 is 8.70 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 June 30, 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:

	June 30, 2025
Risk-free interest rate	4.03%
Expected life of options	5 years
Expected dividend yield	Nil
Volatility	98.83%

d) Share purchase warrants

At June 30, 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	0.57
December 6, 2027	13,781	20.00	1.33
December 9, 2027	9,876	17.60	1.00
January 18, 2028	25,906	124.80	1.58
February 2, 2028	10,938	14.40	1.58
October 17, 2028	543,468	3.68	2.08
October 17, 2028	24,457	4.05	2.08
December 24, 2029	1,077,586	4.00	3.17
	1,726,701	11.46	2.95

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 was payable to the Company in two installments due on April 22, 2026 and June 21, 2026. The former Chief Financial Officer did not make the scheduled payments, therefore 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. No amounts have been repaid on the promissory note and no receivable was recorded as of June 30, 2026 as collection was not reasonably assured.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events after the balance sheet date of June 30, 2026 through August 14, 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:

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 submitted its plans to regain compliance in June 2026.

As disclosed in a Form 8-K filed on June 26, 2026, on that date, the Company consummated the transaction contemplated by its Stock Purchase Agreement with ASPIS dated April 15, 2026. Specifically, the Company issued 1,310,969 shares of Company common stock for total consideration of $1,700,000.

In addition, on May 15, 2026, ASPIS renewed and extended its Technology License and Software Development Agreement with the Company. Pursuant to this amendment, the Company delivered a functional license for its gamification, engagement, and QR code technology, and ASPIS will pay the Company a license fee of $165,000 per month through at least January 31, 2027. Since the license is a functional license and the performance obligation was satisfied upon delivery, the Company recognized the entire transaction price of $1,485,000 as revenue in the quarter ended June 30, 2026.

Nasdaq has advised the Company that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report, the Company does not evidence compliance, that it may be subject to delisting.

As a result of these transactions, as of July 27, 2026, the Company received a notice from Nasdaq noting the Company has regained compliance with the stockholders' equity requirement.

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 are 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 June 30, 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

Operating Results

Comparison of Results of Operations for the Three-Month periods ended June 30, 2026 and June 30, 2025

The following table summarizes our results of operations for the three-month periods ended June 30, 2026 and 2025:

	For the Three Months Ended June 30,	
	2026	**2025**
Consolidated Statement of Operations and Comprehensive Income (Loss) Data:		
Revenue	$ 6,821	$ -
Revenues – related party	1,485,000	1,980,000
Cost of revenues	-	8,222
Gross margin	1,491,821	1,971,778
Expenses		
Research and development	-	6,219
Selling, general and administrative	897,548	1,026,758
Total operating expenses	897,548	1,032,977
Operating income	594,273	938,801
Other income, net	-	3,660
Net income	**594,273**	**942,461**
Other comprehensive income (loss), net of tax:		
Change in foreign currency translation, net of tax	(41,000)	(117,564)
Total comprehensive income	**$ 553,273**	**824,897**
Basic earnings per share to shareholders	$ 0.10	$ 0.14

Revenue

Third party Revenue

Revenue was $6,821 for the three-month period ended June 30, 2026, representing an increase of $6,821, or 100%, from $0 for the three-month period ended June 30, 2025. The increase was the result of revenue earned from the Xcite business.

Related party Revenue

Related party revenue was $1,485,000 for the three-month period ended June 30, 2026, representing a decrease of $495,000, or 25%, from $1,980,000 for the three-month period ended June 30, 2025. The decrease was primarily due to a decrease in license revenue earned.

Cost of revenues

Cost of revenues was $0 for the three-month period ended June 30, 2026, representing a decrease of $8,222 or 100%, from $8,222 for the three month period ended June 30, 2025. The decrease was primarily due to the Company cancelling contracts associated with its cost of revenues for fiscal 2026.

Research and development

Research and development was $0 for the three month period ended June 30, 2026, representing a decrease of $6,219, or 100%, from $6,219 for the three month period ended June 30, 2025. The decrease was primarily due to a reduction in software costs.

Selling, general and administrative

Selling, general and administrative was $897,548 for the three-month period ended June 30, 2026, representing a decrease of $129,210, or 13%, from $1,026,758 for the three month period ended June 30, 2025. The decrease was primarily due to a decrease in administrative employees and stock compensation.

Income from Operations

Income from operations was $594,273 for the three month period ended June 30, 2026, representing a decrease of $344,528, or 37%, from $938,801 for the three month period ended June 30, 2025. The decrease was primarily the result of decrease in gross profit of $480,000 offset by a decrease in operating expenses of $135,000.

Comparison of Results of Operations for the six month period ended June 30, 2026 and June 30, 2025

The following table summarizes our results of operations for the six months ended June 30, 2026 and 2025:

	For the Six Months Ended June 30,	
	2026	**2025**
Consolidated Statement of Operations and Comprehensive Income (Loss) Data:		
Revenues	$ 24,121	$ 23,348
Revenues – related party	1,485,000	2,156,000
Cost of revenues	-	16,446
Gross margin	1,509,121	2,162,902
Expenses		
Research and development	-	12,368
Selling, general and administrative	1,733,543	2,384,494
Total operating expenses	1,733,543	2,396,862
Operating loss	(224,422)	(233,960)
Other income (expense), net	-	19,944
Net loss	**(224,422)**	**(214,016)**
Other comprehensive income (loss), net of tax:		
Change in foreign currency translation, net of tax	(119,529)	(125,314)
Total comprehensive loss	**$ (343,951)**	**(339,330)**
Basic and diluted loss per share to shareholders	$ (0.04)	$ (0.06)

Revenue

Third party Revenue

Revenue was $24,121 for the six-month period ended June 30, 2026, representing an increase of $773, or 3%, from $23,348 for the six-month period ended June 30, 2025. The increase was the result of revenue earned from the Xcite business.

Related party Revenue

Related party revenue was $1,485,000 for the six-month period ended June 30, 2026, representing a decrease of $671,000, or 31%, from $2,156,000 for the six-month period ended June 30, 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 June 30, 2025 in addition to a decline in license revenue earned of $495,000.

Cost of revenues

Cost of revenues was $0 for the six month period ended June 30, 2026, representing a decrease of $16,446, or 100%, from $16,446 for the six month period ended June 30, 2025. The decrease was due to the decrease in infrastructure needed for Xcite Interactive.

Research and development

Research and development was $0 for the six month period ended June 30, 2026, representing a decrease of $12,368, or 100%, from $12,368 for the six month period ended June 30, 2025. The decrease was primarily due to significant reductions in staff related to our company restructuring in the prior year.

Selling, general and administrative

Selling, general and administrative was $1,733,543 for the six month period ended June 30, 2026, representing a decrease of $650,951, or 27%, from $2,384,494 for the six month period ended June 30, 2025. The decrease was primarily due to a decrease in payroll as the Company reduced head count and a decrease in professional fees and stock compensation.

Loss from Operations

Loss from operations was $224,422 for the six-month period ended June 30, 2026, representing a decrease of $9,538, or 4%, from $233,960 for the six-month period ended June 30, 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 $0.2 million for the six months ended June 30, 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 and another $1.7 million in June 2026 as a result of a common stock issuance. Our cash and cash equivalents as of June 30, 2026 was $1.4 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 sold to ASPIS, and ASPIS purchased 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 was 105% of such closing price. 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. On June 26, 2026, the Company consummated the transaction contemplated by its Stock Purchase Agreement with ASPIS dated April 15, 2026. Specifically, the Company issued 1,310,969 shares of Company common stock for total consideration of $1,700,000.

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 August 14, 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 six month periods ended June 30, 2026 and 2025:

	Six Month Period Ended June 30, 2026	Six Month Period Ended June 30, 2025
Net cash used in operating activities	$ (331,203)	$ (1,508,972)
Net cash used in investing activities	(654,000)	-
Net cash provided by financing activities	1,700,000	-
Effect of foreign exchange	119,529	125,314
Net increase (decrease) in cash and cash equivalents	$ 834,326	$ (1,383,658)

Operating Activities

Net cash used in operating activities for the six month period ended June 30, 2026 was $331,203 as compared to cash used in operations of $1,508,972 for the six month period ended June 30, 2025. The decrease in cash used in operating activities was primarily attributable to lower cash absorbed in accounts receivable of $1,220,000 offset by an increase in accounts payable of $610,839.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2026 was $654,000 as compared to $0 for the six months ended June 30, 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

Net cash provided by financing activities was $1,700,000 for the six months ended June 30, 2026 compared to $0 for the six months ended June 30, 2025, respectively. The increase was attributed to the sale of common stock to ASPIS.

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 June 30, 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 June 30, 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”) and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026, filed with the SEC on May 15, 2026 (our “Q1 2026 Report”). Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Annual Report and our Q1 2026 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 and our Q1 2026 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.

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 June 30, 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:

		Incorporation by Reference		
Exhibit Number	**Exhibit Description**	**Form**	**Filing Date**	**Exhibit Number**
3.1	Certificate of Corporate Domestication and Certificate of Incorporation	8-K	12/26/2024	3.1
3.2	Form of Versus Systems Inc. Bylaws	S-4/A	4/22/2024	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: August 14, 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: August 14, 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: August 14, 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 June 30, 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: August 14, 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 June 30, 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: August 14, 2026

By: /s/ Luis Goldner

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