



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of OneSoft Solutions Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor

OneSoft Solutions Inc.
Condensed Interim Consolidated Statements of Financial Position

	Notes	September 30, 2020 (unaudited) \$	December 31, 2019 (audited) \$
Assets			
Current assets			
Cash and cash equivalents	3	8,249,361	6,965,916
Short term investments	4	-	3,546,123
Trade and other receivables		103,454	52,949
Prepaid expenses and deposits		69,286	63,523
Total current assets		8,422,101	10,628,511
Non-current assets			
Property and equipment		20,463	18,645
Intangible assets		892,558	1,141,254
Goodwill		155,693	155,693
Total non-current assets		1,068,714	1,315,592
Total assets		9,490,815	11,944,103
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		555,855	767,647
Deferred revenue	5	1,018,650	1,639,879
Total current liabilities		1,574,505	2,407,526
Shareholders' equity			
Share capital	6	18,015,136	17,646,248
Warrants	6	-	135,780
Contributed surplus	6	2,261,034	1,779,891
Deficit		(12,362,846)	(10,045,993)
Accumulated other comprehensive income		2,986	20,651
Total equity		7,916,310	9,536,577
Total liabilities and equity		9,490,815	11,944,103
Contingency	10		

Signed "Dwayne Kushniruk", Director

Signed "Doug Thomson", Chair

OneSoft Solutions Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine months ended September 30, 2020 and 2019 (unaudited)

	Three Months		Nine Months	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Revenue	794,998	770,099	3,089,955	2,072,141
Direct costs	205,612	188,094	730,912	444,608
Gross profit	589,386	582,005	2,359,043	1,627,533
Operating expenses				
Salaries and employee benefits	1,048,609	871,922	3,104,366	2,436,301
Sales and marketing	147,919	75,569	397,086	372,659
General and administration	225,585	177,161	562,398	538,684
Operating expenses	1,422,113	1,124,652	4,063,850	3,347,644
Software development costs capitalized	(50,887)	(54,338)	(50,887)	(101,974)
Operating expenses, net of costs capitalized	1,371,226	1,070,314	4,012,963	3,245,670
Loss before the following	(781,840)	(488,309)	(1,653,920)	(1,618,137)
Other expense (income)				
Stock-based compensation	103,731	124,604	490,801	561,436
Amortization of intangible assets	99,880	94,804	299,656	283,743
Depreciation of property and equipment	3,257	5,167	10,406	14,987
Foreign exchange loss (gain)	33,384	(13,641)	(40,169)	72,002
Interest income	(23,266)	(35,071)	(97,761)	(69,205)
	216,986	175,863	662,933	862,963
Loss before income taxes	(998,826)	(664,172)	(2,316,853)	(2,481,100)
Income tax expense	-	-	-	-
Net loss	(998,826)	(664,172)	(2,316,853)	(2,481,100)
Other comprehensive income (loss)				
Foreign exchange gain (loss) on translation of foreign operations, net of income tax	3,301	(4,732)	(17,665)	13,327
Comprehensive loss	(995,525)	(668,904)	(2,334,518)	(2,467,773)
Net loss per share:				
Basic	(0.01)	(0.01)	(0.02)	(0.02)
Diluted	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of shares:				
Basic	114,975,378	112,538,640	114,246,452	107,726,833
Diluted	114,975,378	112,538,640	114,246,452	107,726,833

OneSoft Solutions Inc.

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2020 (unaudited) and year ended December 31, 2019 (audited)

	Notes	Common Shares #	Share Capital \$	Warrants		Contributed Surplus \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Total \$
Balance, December 31, 2018		101,024,147	9,269,768	-	-	1,191,051	(6,440,063)	-	4,020,756
Issue of:									
Common shares		11,500,000	9,200,000	-	-	-	-	-	9,200,000
Share issuance costs		-	(973,891)	600,000	135,780	-	-	-	(838,111)
Exercise of stock options		416,666	150,371	-	-	(74,371)	-	-	76,000
Stock-based compensation		-	-	-	-	663,211	-	-	663,211
Net loss		-	-	-	-	-	(3,605,930)	-	(3,605,930)
Foreign exchange gain on translation of foreign operations		-	-	-	-	-	-	20,651	20,651
Balance, December 31, 2019		112,940,813	17,646,248	600,000	135,780	1,779,891	(10,045,993)	20,651	9,536,577
Warrants expiry	6	-	-	(600,000)	(135,780)	135,780	-	-	-
Exercise of stock options	6	2,040,000	368,888	-	-	(145,438)	-	-	223,450
Stock-based compensation	6	-	-	-	-	490,801	-	-	490,801
Net loss		-	-	-	-	-	(2,316,853)	-	(2,316,853)
Foreign exchange loss on translation of foreign operations		-	-	-	-	-	-	(17,665)	(17,665)
Balance, September 30, 2020		114,980,813	18,015,136	-	-	2,261,034	(12,362,846)	2,986	7,916,310

OneSoft Solutions Inc.
Condensed Interim Consolidated Statements of Cashflows
For the nine months ended September 30, 2020 and 2019 (unaudited)

	September 30, 2020 \$	September 30, 2019 \$
Operating activities		
Net loss	(2,316,853)	(2,481,100)
Items not involving cash		
Stock-based compensation	490,801	561,436
Amortization of intangible assets	299,656	284,536
Depreciation of property and equipment	10,406	14,099
Items not involving cash	800,863	860,071
Cash flow used in operating activities before working capital accounts	(1,515,990)	(1,621,029)
Cash flow (to) from working capital accounts:		
Trade and other receivables	(50,217)	1,534,766
Prepaid expenses and deposits	(4,871)	(14,810)
Accounts payable and accrued liabilities	(217,221)	(163,095)
Deferred revenue	(675,625)	1,273,929
Cash flow (to) from working capital accounts	(947,934)	2,630,790
Cash flow (used) provided by operations	(2,463,924)	1,009,761
Financing activities		
Issue of common shares	-	9,064,221
Issue of warrants	-	135,780
Exercise of stock options	223,450	5,333
Share issue costs	-	(845,815)
Cash flow provided by financing activities	223,450	8,359,519
Investing activities		
Trademark registration and purchase of software	-	(1,129)
Software development costs capitalized	(50,887)	(101,974)
Purchase of equipment	(12,027)	(15,578)
Cash flow used in investing activities	(62,914)	(118,681)
Effect of foreign exchange rate fluctuation on cash and cash equivalents in foreign operations	40,711	27,398
Net change in cash and cash equivalents	(2,262,677)	9,277,996
Cash and cash equivalents, beginning of period	10,512,038	2,015,428
Cash and cash equivalents, end of period	8,249,361	11,293,424
Supplementary cash flow information		
Interest received	161,249	41,508

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

1.0 Corporate information

OneSoft Solutions Inc. (the "Company") is a public company incorporated in Alberta and its common shares are traded on the TSX Venture Exchange under the symbol "OSS" and on the OTCQB market in the USA under "OSSIF". It has its corporate office at Suite 4217, 10230 Jasper Avenue, Edmonton, Alberta, Canada T5J 4P6. The Company conducts its operations through its wholly owned and controlled subsidiaries, OneBridge Solutions Canada Inc. ("OBS CA") OneBridge Solutions, Inc. ("OBS USA") and OneCloudCo Limited ("OCC").

On January 1, 2020, OneBridge Solutions Inc. ("OBS") and CloudCo Solutions Inc. ("CCS"), both wholly owned by OSS, were combined through statutory amalgamation to create a new company, OneBridge Solutions Canada Inc ("OBS CA"). OBS was incorporated in Alberta on June 16, 2015 and provided software services to the oil and gas pipeline industry consisting of cognitive software solutions incorporating machine learning, predictive analytics and other data sciences techniques. CCS was incorporated in Alberta, Canada on July 15, 2014 and provided software development services to OCC. It was inactive on the amalgamation date.

OBS USA was incorporated in the State of Delaware, USA on November 19, 2015. It provides software development services to OBS CA and performs software sales and marketing activities for OBS CA internationally.

OCC was incorporated in the State of Delaware, USA, on July 18, 2014. OCC discontinued providing software solutions to clients in July 2016 and does not have active operations.

2.0 Basis of presentation

These unaudited condensed interim consolidated financial statements:

- are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". They do not contain all the necessary annual disclosures in accordance with International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2019.
- in all material respects, follow the same accounting policies and method of application as the annual audited consolidated financial statements of the preceding fiscal year.
- are reported in Canadian dollars, the functional currency of the reporting entity, OneSoft Solutions Inc.
- were authorized for issue by the Board of Directors on November 24, 2020.

3.0 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	September 30, 2020	December 31, 2019
	\$	\$
Cash at bank:		
Short-term deposits (USD)	283,879	271,317
Short-term deposits (CAD)	187,547	229,716
Interest-bearing deposits	4,089,836	850,499
Interest bearing investments (CAD)	2,311,980	3,991,649
Interest bearing investments (USD)	1,362,842	1,609,799
Restricted cash (USD)	13,277	12,936
Cash and cash equivalents	<u>8,249,361</u>	<u>6,965,916</u>

The restricted cash is a security deposit for issuance of credit cards to the Company.

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

4.0 Short term investments

Short term investments consist of interest-bearing deposits with financial institutions with an original term of six months to one year.

	September 30, 2020 \$	December 31, 2019 \$
Guaranteed investment certificates, maturing from February 21, 2020 to June 4, 2020, with interest rates ranging from 2.09% to 2.40%	-	3,546,123
	-	3,546,123

5.0 Deferred revenue

	Nine months ended September 30, 2020 \$	Year ended December 31, 2019 \$
Balance, start of period	1,639,879	703,056
New contracts	1,735,177	2,343,847
Applied or consumed	(2,328,063)	(1,347,776)
Foreign exchange adjustment	(28,343)	(59,248)
Balance, end of period	1,018,650	1,639,879

Deferred revenue represents prepayments for the right to access and use the Company's software in future periods.

6.0 Stock-based compensation, options exercised and changes in Stock Option Plan

On May 20, 2020, the Company approved an "evergreen" stock option plan which allows the grant of stock options equal to 10% of the issued and outstanding common shares of the Company provided the plan is approved annually at the general meeting of the shareholders. Stock options have been issued to directors, employees and consultants with vesting periods of immediate to three years and terms of 5 years at prices reflective of the trading price of the Company shares on the TSX Venture Exchange at time of grant. On September 30, 2020, the maximum number of stock options that may be granted was 11,498,081 (December 31, 2019 – 11,294,081). The number of options available under the Plan for granting purposes as at September 30, 2020 was 1,843,080 (December 31, 2019 – 1,124,080).

	September 30, 2020		December 31, 2019	
	Number of share options #	Weighted average exercise price \$	Number of share options #	Weighted average exercise price \$
Outstanding, start of period	10,170,001	0.32	9,186,667	0.25
Granted	1,625,000	0.47	1,400,000	0.76
Exercised	(2,040,000)	0.11	(416,666)	0.18
Forfeited	(100,000)	0.67	-	-
Outstanding, end of period	9,655,001	0.39	10,170,001	0.32
Options exercisable, end of period	7,463,339	0.36	8,070,007	0.26

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

As at	Options Outstanding				Options Exercisable	
	Exercise price \$	Outstanding number of share options #	Weighted average exercise price \$	Weighted average remaining contractual life in years #	Stock option #	Weighted average exercise price \$
September 30, 2020	0.15 – 0.20	2,233,334	0.18	0.64	2,233,334	0.18
	0.21 - 0.27	1,896,667	0.23	1.36	1,880,001	0.23
	0.28 – 0.48	2,325,000	0.43	2.83	1,800,000	0.43
	0.49 – 0.92	3,200,000	0.61	3.69	1,550,004	0.69
September 30, 2020		9,655,001	0.39	2.32	7,463,339	0.36
December 31, 2019	0.10 – 0.14	1,870,000	0.10	0.40	1,870,000	0.10
	0.15 – 0.20	2,333,334	0.18	1.40	2,333,334	0.18
	0.21 - 0.27	1,966,667	0.23	2.10	1,883,336	0.23
	0.28 – 0.48	1,800,000	0.43	3.01	1,416,667	0.44
	0.49 – 0.92	2,200,000	0.66	3.96	566,670	0.72
December 31, 2019		10,170,001	0.32	2.19	8,070,007	0.26

Compensation expense in respect of stock options for the nine months ended September 30, 2020 was \$490,801 (September 30, 2019 - \$561,436).

Warrants

	September 30, 2020		December 31, 2019	
	Number of warrants #	Weighted average exercise price \$	Number of warrants #	Weighted average exercise price \$
Balance, beginning of period	600,000	1.00	-	-
Issued	-	-	600,000	1.00
Expired	(600,000)	1.00	-	-
Balance, end of period	-	-	600,000	1.00

Broker warrants were issued to underwriters in the share offering closed April 25, 2019. The warrants expired April 25, 2020 without exercise.

7.0 Segmented reporting

Operating segments are identified based on internal reports regularly reviewed by the Company's chief operating decision maker, the Chief Executive Officer. The Company has a single reporting segment which is the sale of subscriptions to use its cloud-based software primarily related to pipeline asset management and provision of software related services.

The Company's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

	Three Months		Nine Months	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	\$	\$	\$	\$
Primary geographical markets				
U.S.A.	794,998	770,099	3,083,705	2,065,891
Canada	-	-	6,250	6,250
	<u>794,998</u>	<u>770,099</u>	<u>3,089,955</u>	<u>2,072,141</u>
Major services:				
Subscriptions to use software	751,706	629,982	2,954,800	1,850,712
Software related services	-	-	85,613	-
Software licensing and production trials	43,292	140,117	49,542	221,429
	<u>794,998</u>	<u>770,099</u>	<u>3,089,955</u>	<u>2,072,141</u>
Timing of revenue recognition				
Services transferred over contract term	471,424	629,982	1,501,551	1,850,712
Services transferred at a point in time	323,574	140,117	1,588,404	221,429
	<u>794,998</u>	<u>770,099</u>	<u>3,089,955</u>	<u>2,072,141</u>

The Company earned revenue from customers who comprised greater than 10% of its revenue. During the nine months ended September 30, 2020 and 2019, revenue earned from customer A was \$810,036 (September 30, 2019 - \$775,550) and customer B was \$1,629,602 (September 30, 2019 - \$381,895).

The Company's non-current assets, other than financial instruments and deferred tax assets, are divided into the following geographical areas:

	September 30,	December 31,
	2020	2019
As at		
Canada		
Property and equipment	\$ 14,948	\$ 12,074
Intangible assets	891,283	1,139,101
Goodwill	155,693	155,693
Total Canada	<u>1,061,924</u>	<u>1,306,868</u>
United States		
Property and equipment	5,515	6,571
Intangible assets	1,275	2,153
Total United States	<u>6,790</u>	<u>8,724</u>

8.0 Related party transactions

The Company's related parties are its Board of Directors and its key management personnel who are the Chief Executive Officer, Chief Financial Officer, Secretary and Presidents. A member of the Board of Directors, and the Secretary are partners in legal firms. Transactions conducted with the related parties are on normal commercial terms.

Key management and Board remuneration consisted of the following:

	September 30,	September 30,
	2020	2019
For the nine months ended		
Salaries, benefits, management fees and directors' fees	\$ 696,210	\$ 699,649
Stock based compensation	247,435	267,018
	<u>\$ 943,645</u>	<u>\$ 966,667</u>

Stock based compensation is the expense recognized in the consolidated Statements of Comprehensive Loss relating to the identified key management and directors. Included in accounts payable and accrued liabilities is \$10,250 (December 31, 2019 – \$167,945) due to key management personnel.

9.0 Assessment of the impact of the COVID-19 pandemic on our business

The ongoing COVID-19 global pandemic, and actions taken by governmental authorities in response thereto has resulted in increased volatility in financial and commodity markets; an overall slowdown in the global economy; disruptions to global supply chains; reductions in trade volumes; temporary operational restrictions and restrictions on gatherings of individuals, business closures, travel bans and increased political and economic instability. The global pandemic has caused interruptions in and to the Company's customers. Volatility in energy prices has impacted the demand for petroleum products and related transportation services and exposes our customers to risk of a decline in transportation revenue. The full extent and impact of the COVID-19 pandemic is unknown at this time and the degree to which it may impact our business operations and financial results will depend on future developments, which are highly uncertain and cannot be predicted with any degree of confidence, including: the duration, severity and geographic spread of the COVID-19 virus; further actions that may be taken by governmental authorities, including in respect of travel restrictions and business disruptions; the effectiveness of actions taken to contain the virus and treat the disease; and how quickly and to what extent normal economic and operating conditions can resume. While to date there has been no material impact on the Company's operations with its existing customers or on our software development and other operations as all employees were working from home offices prior to the pandemic, the Company has been slowed in signing prospective customers to commercial contracts as marketing and sales efforts have been impacted by the effect of the pandemic. The Company continues to assess the situation for adverse effects on its financial position (including possible impairment of the values ascribed to its intangible assets and goodwill), results of operations and cash flows.

10.0 Contingency

On July 27, 2020, OBS CA filed a Statement of Claim (the "Lawsuit") against Cylo Technologies Incorporated ("Cylo") and its principals. Under a Software License Agreement ("SLA") signed October 24, 2014, Cylo is a licensee of intellectual property owned by OBS CA. The Lawsuit alleges multiple breaches of the SLA including interfering with OneBridge's rights of ownership of its intellectual property, non-payment of royalties and unspecified commercial damages. The Company is seeking compensation for the business damages, payment of the unpaid royalties and injunctions restricting the principals of Cylo from competing with OBS CA. Management believes it is prudent for the Company to continue to vigorously protect value for shareholders by protecting all its intellectual property, including all legacy and current technologies, and related contractual rights.

The Lawsuit is currently in process. A provision has not been made for future legal expenses nor for any benefit the Company may eventually realize from this action, as those amounts cannot be determined at this time.