ONESOFT SOLUTIONS INC.

2020 **Management's Discussion & Analysis**

Q3 **Three and Nine months ended September 30, 2020**

This Management's Discussion and Analysis is dated November 24, 2020.

INTRODUCTION

This MD&A of the results of operations, cash flows and financial position as at and for the three and nine months ended September 30, 2020 should be read in conjunction with the unaudited, condensed interim financial statements and accompanying notes for the three and nine months ended September 30, 2020 and the audited consolidated financial statements and notes thereto for the year ended December 31, 2019 and ten month fiscal period ended December 31, 2018. The financial statements and additional Company information are available to view on www.sedar.com. References in this MD&A to "OneSoft", the "Company", "OSS", "us", "we", and "our" mean OneSoft Solutions Inc. and its subsidiaries, unless the context otherwise suggests.

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and include the accounts of OneSoft and its wholly owned subsidiaries: OneBridge Solutions, Inc., OneBridge Solutions Canada Inc. (together referenced in this MD&A as "**OneBridge**") and OneCloudCo Limited. On January 1, 2020, CloudCo Solutions Inc. and OneBridge Solutions Inc. were statutorily amalgamated to form OneBridge Solutions Canada Inc. On January 1, 2020, OneCloudCo Inc. acquired OneBridge Solutions, Inc from OneSoft Solutions Inc.

OneSoft's shares trade on the TSX Venture Exchange in Canada, under the symbol "OSS", and are listed on the OTCQB market in the U.S.A., under the symbol "OSSIF".

This MD&A contains forward-looking information based on certain expectations, projections, and assumptions. This information is subject to many risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially. Readers are directed to the "Risks and Uncertainties" on page 11 of this document and to the "Advisory Regarding Forward Looking Information" on page 15.

NON-IFRS MEASUREMENTS

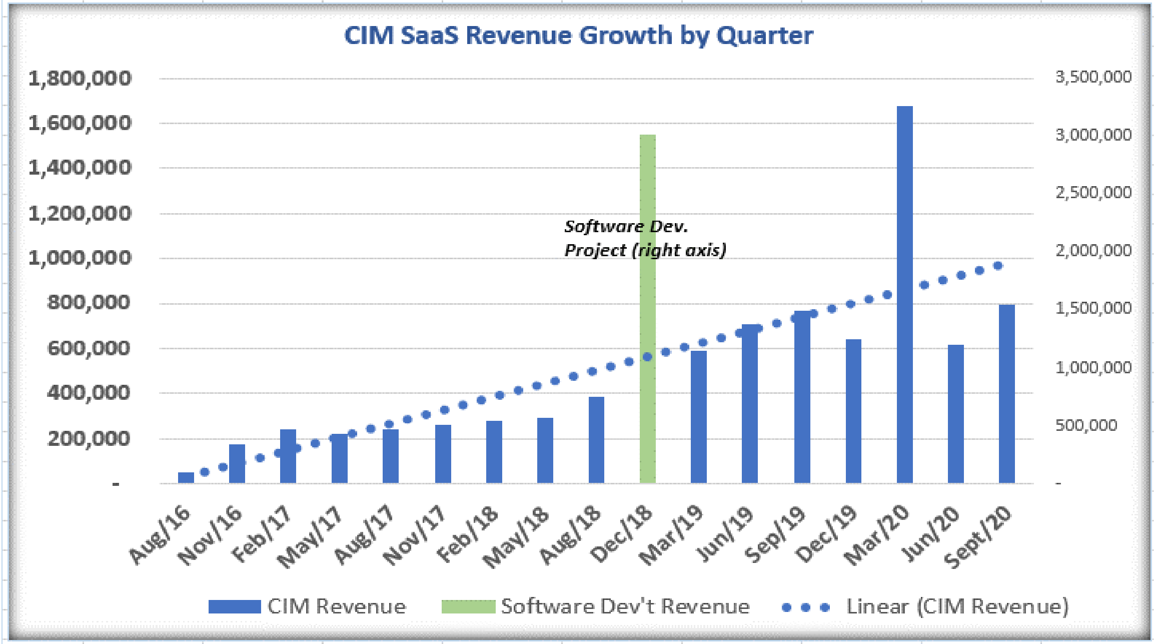
The Company defines Adjusted EBITDA as earnings before interest, income taxes, stock option expense, depreciation, amortization, and impairment charges. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to comprehensive income or loss as determined in accordance with IFRS. A table on page 15 reconciles Adjusted EBITDA with comprehensive income or loss. Management uses Adjusted EBITDA as a measure of cash generation in its budgeting and financial reporting processes, recognizing that it does not reflect working capital and other balance sheet changes.

Cash from operations is defined as cash flows from operating activities before changes in the balances of working capital accounts.

Q3 2020 DISCUSSION

Sales and Revenue

- Revenue for the quarter ended September 30, 2020 ("Q3 2020") was $24,899 higher than in the same quarter last year (Q3 2019) and i$175,528 higher than the quarter ended June 30, 2020, as more new inspection logs were ingested into and analyzed by our Cognitive Integrity Management^{TM} ("CIM") software-as-a-service ("SaaS") solution. The Company also generated $43,291 in Q3 2020 from the completion of CIM test use cases involving customers' own data ("**Production Trials**"), including one completed in Australia, versus $nil in each of the prior 2 quarters.
- Generation of new sales leads, and sales activities were very active in Q3 2020, involving prospective customers in the U.S.A., South and Central America, and Australia. Our sales process is complex, as the disruption of legacy processes requires multiple approvals throughout the client organizations and protracts finalization of contracts. We commenced several new Production Trial projects in the quarter, which we anticipate will result in new commercial contracts for CIM use in the future.
- As we stated last quarter, we anticipate that quarter-over-quarter revenue will be variable for the next year or two, after which, the quarterly variances should begin to diminish as our clients move through second and subsequent years of utilizing our CIM SaaS solution and adopt more stable software utilization patterns. Also, as our client base increases, higher volumes of data ingestion will tend to average out the variances.
- The quarterly revenue for the past four quarters shown in the following chart reflects our clients' timing of uploading their data sets into CIM and paying monthly subscription fees which triggers revenue recognition, and which varies by client. On an initial implementation of CIM, clients may choose to load all their new and historic logs at the commencement of their use of CIM or they may choose a slower pace and ingest the logs over one or more years. In 2020, a new client chose the first approach and loaded a large number of new and historic logs in Q1 2020 which spiked revenue in that quarter. The pace of loading of logs by all clients slowed in Q2 2020 and then picked up again in Q3 2020. Management believes that the most important metric in the chart below is the dotted line, which illustrates the growth trend of revenue. Management focuses on increasing revenue to steepen the slope of this trend line as we believe this is a key factor that will drive increasing future value for shareholders.



Q3 Financial Metrics

- The Company reported a Comprehensive loss of $995,525 for the current quarter, compared to a Comprehensive loss of $668,904 for the comparable period in the prior year. The increase is essentially due to having added personnel to pursue the Company's objective of accelerating research and development of new software functionality to increase the Company's competitive moat and customer value proposition.
- Accordingly, Q3 2020 Adjusted negative EBITDA was $815,224, compared to negative $474,668 for the comparable period in the prior year (Adjusted EBITDA calculations are stated on page 15 of this document).
- At September 30, 2020, cash and short-term investments totaled $8.2 million ($10.5 million at December 31, 2019), working capital was $6.8 million ($8.2 million at December 31, 2019), and the Company has no debt. Assuming customers renew and pay their 2021 contracts with no negative changes and assuming no major changes in its current business strategies and cash consumption, the Company believes it has sufficient cash on hand to fund its business and growth strategies as envisioned.
- OneSoft tracks revenues in two categories and various buckets, as was described on pages 9-10 of the Company's Management Discussion and Analysis ("MD&A") for the fiscal year ended December 31, 2019.
    - Annual recurring revenue ("**ARR**") includes revenue from SaaS Subscription, Inline Inspection ("**ILI**") Log Ingestion, Microsoft Azure and Specialized Functionality Module fees associated with CIM.
    - Other Revenue includes Production Trials (formerly referred to as Proof of Concept ("**POC**") projects, services, and miscellaneous other project fees, which do not typically recur.

	Three months ended:		Nine months ended:	
OneSoft SaaS Metrics	**Q3 2020**	**Q3 2019**	**Q3 2020**	**Q3 2019**
Revenue as reported in the Financial Statements	$ 794,998	$ 770,099	$ 3,089,955	$ 2,072,141
Revenue categorization:				
Annual Recurring Revenue ("ARR")	$ 751,707	$ 629,982	$ 2,954,801	$ 1,848,784
Other Revenue	$ 43,291	$ 140,117	$ 135,154	$ 223,357
Total 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
Direct Costs as % of ARR and Other Revenue	26%	24%	24%	21%
Gross profit as % of ARR and Other Revenue	74%	76%	76%	79%
ARR as % of Total Revenue	95%	82%	96%	89%
ARR Growth (Qtr / Qtr, YTD / YTD)	19%	174%	60%	21%

Product Development

During Q3 2020, the Company continued to develop new functionality to incorporate data collected by various integrity and inspection methods for both piggable and non-piggable pipelines. The first of these new functions was released for private preview use on September 8, 2020, creating the ability to analyze and align data sets arising from Close Interval Survey ("**CIS**"), Alternating Current Voltage Gradient ("**ACVG**") and Direct Current Voltage Gradient ("**DCVG**"). These methodologies essentially search for breakdown of pipeline coatings around which corrosion may occur and are key components used in Direct Assessment ("**DA**") methodologies. DA integrity methodologies are used for the majority of pipelines in the U.S.A., including pipelines for which ILI data is not captured. This new functionality represents an opportunity for the Company for several reasons:

- The new functionality will allow operators to automate the correlation of DA data to ILI data in CIM, which will help to improve intelligence and decision-making capability for integrity management engineers.
- We anticipate this new functionality will increase the number of CIM users, as personnel who address DA functions will be able to use CIM in their daily work, and because DA data sets are typically collected annually or even more often in certain cases, the frequent analysis of correlated data sets is expected to increase CIM utilization.
- The core functionality of CIM aligns ILI data over multiple data sets using "pit-to-pit" analyses and is tool vendor and technology agnostic (i.e., data from multiple vendors and technologies can be normalized and ingested for CIM analysis). The addition of this new DA functionality serves as a foundational model to accommodate additional data sets in the future and advances the evolution of a pipe-centric database which we anticipate will foster increased daily use of CIM by more users.
- As new functionality is added to CIM, Management anticipates selling access to use new functionality modules on an economic consumption basis, thereby providing an avenue to accelerate revenue growth from both existing and new customers.

OneBridge Innovation Lab

The objective of the OneBridge Innovation Lab ("**Lab**"), established in Q1 2020, is to seek and explore business development projects that can leverage the Company's technology and solutions to potentially increase total addressable markets ("**TAM**s") and revenues. Projects include research and development of prototype products and joint ventures with clients and synergistic industry participants.

The Company continued to investigate several Lab projects during the quarter and Management anticipates that some of these efforts will materialize in the near term.

New CIM Pricing Model

In response to feedback from some prospective customers and reseller partners, the Company commenced development of an additional "pay as you go" pricing ("**PAYG**") model in Q3 that will be deployed in Q4. The PAYG model authorizes CIM use through acceptance of a clickthrough user agreement rather than a signed contractual agreement and is scalable for use for an individual integrity management project or for enterprise-wide use for all pipeline assets.

The PAYG pricing model is advantageous for certain prospective customers who prefer to ease into CIM use to further validate CIM's capability beyond what they learn in Production Trial scenarios, including in some cases to assess CIM functionality for the most problematic pipeline segments.

The PAYG model is based on a scaled down version of the Introductory pricing tier, providing pipeline operators the opportunity to engage their own engineers or contract third-party experts to conduct a scope of work that is more specific and limited to certain segments of pipeline. Industry experts who contract such services typically charge tens of thousands of dollars for such reports, which usually require weeks or months to complete because of the largely manual work efforts involved. CIM, with machine learning, has the capability to replace manual analytics work with nearly instant results in most cases. For example, pit-to-pit matching of 100% of anomalies in CIM can be processed in minutes to hours, rather than weeks to months of manual work to analyze only a subset of the anomalies. CIM can reduce operational costs for operators, and more importantly, deliver better analytics.

The PAYG model is priced higher than annual or multi-year SaaS user agreements and addresses two common scenarios that our sales teams continue to encounter. Firstly, the PAYG model enables pipeline integrity engineers to use CIM while their company works through the due diligence process typically considered before CIM can be adopted and implemented in their organization on an enterprise level. Secondly, the PAYG model provides immediate opportunity for prospective customers to use CIM for specific projects, without the requirement to adopt CIM on an enterprise-wide basis. Some pipeline operators may prefer to use CIM to conduct integrity maintenance processes for their higher priority projects, rather than first implement enterprise-wide adoption for all of their pipeline assets, which the traditional CIM deployment and pricing model is best suited for.

Management believes that the PAYG model is beneficial for several reasons:

- PAYG should assist to increase the rate of CIM adoption, particularly in international markets where CIM is not yet as well-known as it is in the U.S.A.;
- We have confidence that as CIM use progresses, its value becomes better understood, which we anticipate will help to drive future long-term SaaS contracts for enterprise-level installations;
- We anticipate that the PAYG model will contribute to higher revenue during this early stage of CIM adoption to replace legacy systems and processes; and
- The PAYG model supports the “Test, Learn, Scale” concept that is conducive to rolling out a next-generation solution to replace legacy systems.

Corporate Activities

On September 3, 2020, the Company presented on-line to a primarily U.S. investor audience at the LD 500 investor conference and hosted one-on-one investor meetings throughout the day. The LD 500 is organized and sponsored by LD Micro, of San Roman, California, an organization which has focused on the microcap market since 2006.

On September 25, 2020, the Company presented and hosted one-on-one investor meetings at the fifth annual Microcap Leadership Summit, a two-day virtual event hosted by the MicroCap Club. The stated objective of the MicroCap Leadership Summit is to “find great companies early” and is an exclusive forum for experienced microcap investors focused on microcap companies (sub $300 million market cap) trading on United States, Canadian, European, and Australian equity marketplaces. Several MicroCap club members are shareholders in OneSoft.

On September 25, 2020, the Company announced it had placed 112th on the 2020 Report on Business ranking of Canada's Top Growing Companies. Launched in 2019, the Canada's Top Growing Companies uses three-year revenue growth rates for its analysis and aims to celebrate entrepreneurial achievement by identifying and amplifying the success of growth-minded, independent businesses in Canada. The 400 participating companies for this year’s ranking had to complete an in-depth application process to qualify, with OneSoft having earned its spot with three-year growth of 434%.

Company Files Statement of Claim against CYLO Technologies Inc.

On July 27, 2020 OneBridge Solutions Canada Inc., Tim Edward and Dwayne Kushniruk (collectively the "Plaintiffs") filed and served a Statement of Claim (the “Lawsuit”) upon Darren Gerling, Jason Gerling, and Cylo Technologies Inc., (collectively the "Defendants"), as a result of multiple alleged breaches of the terms and conditions of a Software License Agreement ("SLA") entered into in October 2014, that governs the terms and conditions by which the Defendants can use certain intellectual property owned by the Company. The intellectual property and SLA were acquired in the July 2015 purchase of assets from Bridge Solutions Inc. (collectively the "Bridge IP"). Management believes it is prudent for the Company to continue to vigorously protect value for shareholders by protecting all of its intellectual property, including the Bridge IP and 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 potential benefit the Company may eventually realize from this action, as those amounts cannot be determined at this time

Subsequent to Q3 Events

On October 14, 2020, OneBridge Solutions Inc. announced that another North American-based pipeline operator with some unique operating circumstances, entered into a multi-year agreement to adopt CIM to manage its pipeline system. While most CIM usage to date has involved underground pipeline systems, this Client operates a pipeline designed to withstand harsh climatic environments, with segments of insulated pipeline mounted on above-ground pylons. This design creates unique operating challenges in aligning inline inspection data, which do not arise in conventional underground pipelines.

BUSINESS OUTLOOK

Global interest in our SaaS solutions continues to increase, with sales activities currently underway in the U.S.A., Canada, Australia, United Arab Emirates, Brazil, and Argentina. Numerous CIM Production Trials are in various stages of completion, which we anticipate will result in completed sales in future periods. Various business develop initiatives are also underway, with the objectives of recruiting CIM resellers and identifying new potential markets and revenue sources based on our solutions.

Given that the pandemic delayed (but we believe not cancelled) sales, OneSoft will not achieve Fiscal 2020 year-over-year revenue growth of 100% as we disclosed in Q1 2020. As we highlighted in our last MD&A, Q3 revenue increased over the prior year comparative quarter and Q2 2020, and we believe we are on track to realize a 50% year-over-year revenue increase in 2020 over 2019, despite the business disruption and challenges caused by the Covid-19 pandemic.

We are pleased with the progress being made to advance our technology and solutions and remain confident that our competitive moat continues to increase. Based on certain business development projects conducted in Q3, we have confirmed our belief that certain CIM functionality desired by customers has not been replicated by other leading industry vendors who chose to update their existing legacy systems, rather than design and develop, as we have, a born-in-the-cloud solution using machine learning, data science and cloud computing. Recent projects we have completed with some industry experts provide compelling data that support the high value proposition of using CIM versus other vendor solutions, details of which will be disclosed in upcoming industry white papers.

Given the Company's strong balance sheet with $8.25 million of cash and equivalents, no debt, cash burn rate, strong acceptance and validation of our solution by our customers, robust and increasing sales pipeline and potential Innovation Lab business development projects that are being progressed, we believe the Company is well-funded to pursue our business plans without raising additional capital to execute our current business growth plan as envisioned.

RESULTS OF OPERATIONS

SUMMARY OF QUARTERLY RESULTS

	FY 2020			FY December 31, 2019				FY 2018
($ 000's, per Share in Dollars)	Sept 30	June 30	Mar 31	31-Dec	Sept 30	June 30	Mar 31	Dec 31**
Revenue	795	619	1,675	640	770	710	592	3,137
Gross profit	589	436	1,334	383	582	533	512	3,132
Expenses (net of software development costs capitalized)	1,371	1,415	1,226	1,356	1,071	992	1,183	602
Comprehensive (loss) income	(996)	(1,350)	11	(1,117)	(669)	(836)	(967)	2,529
Basic and diluted (loss) income per share:	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.01)	0.03

** The Company changed its year-end in 2018 from February month-end to December 31, resulting in Q4 Fiscal 2018 being only the month of December. December 2018 revenue includes $3.0 million software development project completed December 2018.

Quarter ended September 30, 2020 compared to Quarter ended September 30, 2019

Revenue and Gross Profit

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
CIM Revenue	751,707	629,981	121,726	19.3
Other revenue	43,291	140,118	(96,827)	(69.1)
Total Revenue	**794,998**	**770,099**	**24,899**	3.2
Direct costs	205,612	188,094	17,518	9.3
Gross profit	**589,386**	**582,005**	**7,381**	**1.3**
Gross margin	74.1%	75.6%	(1.5%)	(2.0)

CIM revenue for Q3 2020 increased quarter-over-quarter by $121,726 or 19.3%. Within this revenue group, revenue from the ingestion of new and historic ILI data logs increased by $74,749 or 38.1% year-over-year, due to timing of loading of ILI data logs by clients and monthly subscription revenue increased $47,050 or 15.0%. Revenue in Q3 2020 from Production Trials with prospective clients was $43,291 (which included a fee for a Production Trial completed in Australia) versus $nil in the comparative quarter. In Q3 2020, no staff services were invoiced to customers. In Q3, 2019, $140,118 staff services were invoiced as staff assisted a client with CIM implementation and modifying the client's historical data to make it ready to ingest into CIM.

Direct costs increased in the current quarter by $17,518 over Q3 of last year. Azure costs increased $31,893 due to a higher level of activity and more contracted and prospective customers than in Q3 2019. Despite the higher revenue, software royalties paid to a third party decreased $25,646 due to a change in calculation method since the comparative period. Staff labour costs increased $12,709 due to the Production Trials completed in the quarter.

Gross margin was 74.1% as compared to 75.6% in this period last year. The proportionate increase in direct costs caused the gross margin to decrease by 1.5% of revenue in the period.

Expenses:

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
Salaries and employee benefits	1,048,609	871,922	176,687	20.3
General and administration	225,585	177,161	48,424	27.3
Sales and marketing	147,919	75,569	72,350	95.7
	1,422,113	**1,124,652**	**297,461**	**26.4**
Software development costs capitalized	(50,887)	(54,338)	3,451	(6.4)
Operating expenses, net of costs capitalized	**1,371,226**	**1,070,314**	**300,912**	**28.1**

Salaries and employee benefits expense increased $176,687 in Q3 2020 versus Q3 2019. Compensation expense increased $241,640 in the current quarter due to increases in the number of employees and salary increases granted to certain employees last year. Recruiting expenses consisting primarily of agency fees finding new staff decreased $28,873. Staff salaries allocated to direct costs and sales and marketing expense increased by $31,950 due to the number of Production Trials in progress in Q3 2020.

General and administrative expenses increased $48,424 or 27.3% in the current quarter. A lawsuit initiated by OneSoft against Cylo Technologies Inc. in July 2020 alleging breaches of a software license agreement caused legal expenses to increase by $74,209. Fees paid to auditors decreased $28,147 as fees of $20,000 for research projects performed last year did not repeat this year and the quarterly audit accrual was reduced this quarter. Microsoft Azure expense for internal software development reduced by $6,682 as the Company exerted better controls over the use of this resource.

Sales and marketing expenses increased $72,350 quarter-over-quarter. Fees paid to subcontractors to generate sales leads in the U.S.A. and South America increased expense by $39,693. An external consultant engaged to augment the Company's marketing activities increased expense by $28,640, and staff time allocated to marketing expense for Production Trials increased expense by $19,241. The effect of the Covid-19 pandemic resulted in several trade shows being cancelled and sales and other staff not being able to travel to visit current and prospective clients. Together, these two expense categories reduced by $17,576 as compared to Q3 2019.

In Q3 2020, the Company capitalized $50,887 in software development costs for the development of a new product which has the ability to align and analyze Close Interval Survey data sets which are key components used in Direct Assessment pipeline integrity methodologies described earlier in this document.

Other expense (income):

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
Stock based compensation	103,731	124,604	(20,873)	(16.8)
Amortization of intangible assets	99,880	94,804	5,076	5.4
Depreciation of property and equipment	3,257	5,167	(1,910)	(37.0)
Foreign exchange loss (gain)	33,384	(13,641)	47,025	(344.7)
Interest income	(23,266)	(35,071)	11,805	100.0
	216,986	**175,863**	**41,123**	**23.4**

Stock compensation expense decreased due to the reduced number of new grants in the current quarter and grants made in prior periods having completed their amortization.

The Canadian to U.S. foreign exchange rate decreased from 1.3628 on June 30, 2020 to 1.3339 on September 30, 2020. As the Company was holding approximately US$1.2 million in financial assets, foreign currency translation adjustments generated a foreign exchange loss of $33,384. In Q3 last year, the foreign exchange rate increased from 1.3087 to 1.3243, and as the Company had a larger net U.S. dollar asset position, income of $13,641 was recorded.

Interest income declined as the Company had less cash to invest in interest bearing accounts and interest rates having declined since this period last year.

Comprehensive loss

In the current quarter, revenue and gross profit increased by $24,899 and $7,381, respectively. The Company continues to invest in product development and business and revenue growth initiatives which caused its expenses (including other expense and income) to increase by $342,035 in the quarter. The increase in expenses caused the comprehensive loss to increase to $995,525 from $668,904 in the comparable period last year.

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

Revenue and Gross Profit

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
CIM Revenue	2,954,801	1,848,784	1,106,017	59.8
Other revenue	135,154	223,357	(88,203)	(39.5)
Total Revenue	**3,089,955**	**2,072,141**	**1,017,814**	49.1
Direct costs	730,912	444,608	286,304	64.4
Gross profit	**2,359,043**	**1,627,533**	**731,510**	**44.9**
Gross margin	76.3%	78.5%	(2.2%)	(2.8)

CIM revenue has increased from last year primarily due to one large client contracting to use CIM in a multi-year contract starting in April 2019 and whose implementation resulted in a substantial number of their ILI assessments being ingested into CIM this year.

Direct costs increased in the current quarter. The higher client count and activity resulted in greater Azure usage increasing expense by $107,689 and higher royalty costs paid to a third party whose software is embedded in a portion of the CIM solution increased by $73,312. Staff costs for providing client CIM implementation and data conversion services increased costs by $104,543.

Gross profit increased due to the increase in revenue. The gross margin declined primarily due to the proportionate increase in staff labour costs assisting clients with CIM implementation.

Expenses:

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
Salaries and employee benefits	3,104,366	2,436,301	668,065	27.4
General and administration	562,398	538,684	23,714	4.4
Sales and marketing	397,086	372,659	24,427	6.6
	4,063,850	**3,347,644**	**716,206**	**21.4**
Software development costs capitalized	(50,887)	(101,974)	51,087	(50.1)
Operating expenses, net of costs capitalized	**4,012,963**	**3,245,670**	**767,293**	**23.6**

Salaries and employee benefits have increased by $668,065 or 27.4% over the comparative period. New staff hires of senior-level employees and selective wage increases caused salaries to rise by $666,218 and employee benefits to increase by $77,840 since this period last year. Recruitment costs paid to agencies and for job advertisements increased expenses by $24,025 and fees paid to software development firms increased expense by $30,908. Offsetting these expense increases was the allocation of staff salaries into direct costs and marketing expenses for CIM implementation and Production Trials which decreased expense by $125,189.

General and administrative expenses increased by $23,714 this year as compared to last year. Legal fees arising from the Cylo lawsuit were the prime element causing legal expenses to increase by $84,000. The Company is registered with more provincial securities commissions this year than last which has increased expense by $21,003 and higher insurance costs this year raised expense by $10,231. The Company did not conduct accounting research projects this year as it did last year which, combined with lower audit accrual fees, reduced external accounting fees by $41,539. Due to the Covid-19 pandemic, in-person staff meetings were curtailed in 2020, reducing expense by $38,940 as compared to 2019. Lower state franchise taxes were paid in the U.S.A. in 2020 than in 2019, lowering expense by $10,694.

Sales and marketing expenses increased $24,427. Third-party contractors were engaged for sales lead generation in the U.S.A. and South America at a cost of $64,722. A consulting firm was engaged to assist with marketing campaigns and webinars, and several Production Trials absorbing staff time along with Azure costs increased expense by $43,758 and $26,755, respectively. An independent contractor refurbished the Company websites at expense of $12,518. The Covid-19 epidemic forced a curtailment in sales travel to meet with customers and many trade shows were cancelled, reducing expenses by $43,681 and $32,853, respectively. In 2019, a final payment of $47,404 was made to a consulting firm engaged to assist with the Company's marketing strategies, and this cost did not repeat in 2020.

In Q3 2020, the Company recognized $50,887 in deferred development costs creating a new product aligning and analyzing Close Interval Survey data sets as stated above. In the prior period, costs of $101,974 of new functionality created in our CIM 3.0 product were similarly recognized.

Other expense (income)

	Sept 30, 2020	Sept 30, 2019	Change	
	$	$	$	%
Stock based compensation	490,801	561,436	(70,635)	(12.6)
Amortization of intangible assets	299,656	283,743	15,913	5.6
Depreciation of property and equipment	10,406	14,987	(4,581)	(30.6)
Foreign exchange (gain) loss	(40,169)	72,002	(112,171)	(155.8)
Interest income	(97,761)	(69,205)	(28,556)	41.3
	662,933	**862,963**	**(200,030)**	**(23.2)**

Stock compensation expense decreased due to a reduced number of new grants being made in the current year and grants made in prior periods having completed their amortization in prior quarters.

The Canadian to U.S. foreign exchange rate increased from 1.2988 on December 31, 2019 to 1.3339 on September 30, 2020. The increase in the foreign exchange rate created the gain on the net U.S. assets the Company holds.

In March 2019, the Company completed a financing raising $9.2 million before expenses and proceeds have been invested into interest-bearing accounts. The cash generated the increase in interest income this year.

Comprehensive loss

In the current period, the comprehensive loss was $2,334,518, a reduction from the comprehensive loss of $2,467,773 recorded at this time last year. The comprehensive loss reduced due to revenue and gross profit having increased by $1,017,814 and $731,510 respectively and other expenses (income) having reduced by $200,030. Salaries and employee benefits expense is higher year-to-date through Q3 2020 by $668,065 which offset the improvements. Management believes the continued investment of resources into additional staff will be beneficial to increasing revenue, gross profit, and cash flow in future periods.

FINANCIAL CONDITION & LIQUIDITY

	Sept 30, 2020 $	Sept 30, 2019 $	Change $	%
Net loss	(2,316,853)	(2,481,100)	164,247	(6.6)
Items not involving cash	800,863	860,071	(59,208)	(6.9)
Funds used in operations	(1,515,990)	(1,621,029)	105,039	(6.5)
Working capital changes	(947,934)	2,630,790	(3,578,724)	(136.0)
Cash (used) provided by operating activities	(2,463,924)	1,009,761	(3,473,685)	(344.0)
Cash flow provided by financing activities	223,450	8,359,519	(8,136,069)	(97.3)
Cash flow used in investing activities	(62,914)	(118,681)	55,767	(47.0)
Effect of foreign exchange rate fluctuation in OneSoft U.S. operation	40,711	27,398	13,313	48.6
Net change in cash	(2,262,677)	9,277,996	(11,540,673)	(124.4)
Cash, beginning of period	10,512,038	2,015,428	8,496,610	421.6
Cash, end of period	**8,249,361**	**11,293,424**	**(3,044,063)**	**(27.0)**

Operations, before working capital changes, consumed cash of $1,515,090 through the end of Q3 2020, a reduction of $105,039 from the cash of $1,621,029 used in the same period in 2019. The reduction in Operations cash consumption was primarily due to the increased revenue and gross profit in the current year.

Working capital changes absorbed $947,934 cash in Q3 2020. The largest portion of this arose from the changes in deferred revenue. The Company started 2020 with $1,639,879 in client prepayments which then increased by a further $1,735,177 arising from prepayments for new SaaS contracts. Clients then applied $2,328,063 of this consuming CIM data analysis, CIM subscriptions and CIM implementation assistance for a net cash usage of $675,625. Management views deferred revenue as a source of short-term financing and seeks to continually increase it similar to other SaaS companies.

Financing activities generated $223,450 cash in 2020 as employees and directors exercised stock options. In 2019, the closing of a new financing, less associated costs, provided $8,359,519 cash.

Investing activities have consumed $62,914 cash in 2020 being $50,587 in new software development for the Direct Assessment products described earlier in this MD&A and $12,027 in new computer equipment.

Year-to-date 2020, the Company has consumed $2,262,677 cash versus cash generation of $9,277,996 at this time last year. The Company anticipates substantial further cash injection into working capital will not be required this year provided the Company converts its sales leads to closed sales and clients prepay their 2021 contracts as they have historically done. Due to this, and contemplating the Company's current cash balances, management believes the Company has sufficient cash to continue development of its software solutions, finance operations, pursue growth initiatives and increase Company and shareholder value in accordance with its business plan and objectives.

Total Assets

Total assets of the Company at September 30, 2020 were $9,490,815 a decrease of $2,453,288 from assets of $11,944,103 as at December 31, 2019. Cash and short-term investments decreased $2,262,678 due to cash being used to finance operations. Accounts receivable increased by $50,505 as customers paid invoices to stated terms. Prepaid expense increased by $5,763 due to certain 2021 tradeshows requiring prepayment. The carrying value of the Company's intangible assets and equipment increased by $62,914 due to the capitalization of software development costs related to Direct Assessment pipeline integrity product and the purchase of new computers and it decreased by $310,062 due to amortization.

Total Liabilities

Total liabilities decreased from $2,407,526 as at December 31, 2019 to $1,574505 as at September 30, 2020. Deferred revenue increased by $1,735,177 due to 2020 contracts for CIM usage being paid and it decreased $2,328,063 as deferred revenue converted to current period earned revenue. Accounts payable and accrued liabilities decreased $211,792.

Commitment

The Company is committed to pay minimum royalties of US$2.25 million through December 20, 2027 on the revenue earned from components of its CIM 3.0 solution for the use of certain embedded third-party intellectual property. To September 30, 2020, royalties of U.S. $241,136 have been expensed and US $204,952 has been paid.

Related party transactions

In the period, the Company expensed $150,000 (September 30, 2019 - $150,000) in respect of contractual management fees paid to a company owned by Dwayne Kushniruk, CEO. No other compensation was paid directly to him. On September 30, 2020, $10,250 (December 31, 2019 - $167,945) was due to related parties for director and officer fees not paid at the end of the period. The December 31, 2019 value included variable compensation incentives.

SHARE DATA

As at October 31, 2020, the Company had outstanding:

- 115,000,813 common shares,
- 9,635,001 stock options with an average strike price of $0.39 and an average remaining life of 2.24 years. Of these, 7,810,004 are exercisable at an average strike price of $0.37.

In the period January 1, 2020 to October 31, 2020, directors, officers, and employees exercised 2,060,000 stock options with strike prices of $0.10 to $0.21 and expiry dates between January 30, 2020 and October 31, 2021 to acquire the same number of common shares. Cash proceeds were $226,650. 100,000 stock options were cancelled prior to completion of the related vesting period.

On April 25, 2020, 600,000 share purchase warrants with an average strike price of $1.00 expired without exercise.

RISKS AND UNCERTAINTIES

Covid-19 World Pandemic

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 the progress of vaccine development to 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.

Decline in World Energy Prices

The decline in energy prices that occurred in early 2020 have negatively impacted the Company's current and prospective clients, many of which have experienced significant decreases in their market capitalizations. Although the Company's current and prospective clients are primarily midstream pipeline operators whose revenue is not necessarily dependent on energy prices, they may choose to respond to the economic challenges by reducing operating expenses through requests for price reductions from suppliers and curtailment or postponement of new technology adoption, including the Company's solutions and services. This may cause challenges for the Company to grow the number of clients or sustain its revenues, which risks could increase if energy prices continue to be depressed.

Other Risks and Uncertainties

OneSoft is subject to business and economic risks. The reader is directed to page 19 of the Management's Discussion and Analysis for the year ended December 31, 2019 for a full description of the risks and uncertainties the Company is subject to.

FINANCIAL INSTRUMENTS

Financial instruments

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	September 30, 2020 $	December 31, 2019 $
Financial assets		
Cash and short term investments	8,249,361	10,512,039
Trade and other receivables	103,454	52,949
	8,352,815	10,564,988
Financial liabilities		
Accounts payable and accrued liabilities	555,855	767,647

Measurement of fair value

Due to their short-term nature and liquidity of the Company's financial instruments, fair value approximates their carrying value.

Financial instrument risks

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates on an international basis and is subject to foreign exchange risk exposures arising from transactions denominated in foreign currencies. The Company's objective with respect to foreign exchange rate risk is to minimize the impact of the volatility related to financial assets and liabilities denominated in a foreign currency through effective cash flow management. The majority of the Company's revenue, and a large portion of its expenses, are transacted in US dollars.

The Company has a natural hedge to foreign exchange risk as the majority of its revenue and expenses are being transacted in foreign currency and the uncertainty of timing between collections and disbursements is managed by its ability to maintain cash balances in the currency and country of the Company's choice.

The Company had the following monetary assets and liabilities denominated in US dollars included in its financial statements.

	September 30, 2020 $ (USD)	December 31, 2019 $ (USD)
Cash and short term investments	1,869,966	2,066,758
Trade and other receivables	70,492	30,967
Accounts payable and accrued liabilities	(151,031)	(165,421)
Total exposure	1,789,427	1,932,304

The following illustrates the sensitivity of profit and equity regarding the Company's financial assets and financial liabilities and the USD/CDN exchange rate.

It assumes a +/- 10% change of the $/USD exchange rate for the nine months ended September 30, 2020 (year ended December 31, 2019 - 10%). This percentage was determined based on the average market volatility in the exchange rate in each reporting period. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and considers forward exchange contracts that offset effects from changes in currency exchange rates.

Strengthening or weakening of the Canadian dollar against the USD by 10% (December 31, 2019 - 10%) would have had the following applicable positive or negative impact on net (loss) income:

	Profit	Equity
	$	$
September 30, 2020	32,037	32,037
December 31, 2019	8,115	8,115

Exposures to foreign exchange rates vary during the year depending on the volume of international transactions. The analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's objective in managing interest rate risk is to monitor expected volatility in interest rates while also minimizing the Company's financing expense levels. Interest rate risk arises from fluctuations in interest rates and the related impact on the return earned on cash and cash equivalents. On an ongoing basis, management monitors changes in short term interest rates and considers longer term forecasts to assess the potential cash flow impact to the Company. The Company holds financial instruments which exposes it to interest rate risk. No financial instruments are held to mitigate that risk.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (December 31, 2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. As of September 30, 2020, approximately 91.7% (December 31, 2019 – 92.8%) of the Company's cash balances were held in interest bearing bank balances and fixed interest rate GICs.

	Profit	Equity
	$	$
September 30, 2020	55,611	55,611
December 31, 2019	73,257	73,257

Credit risk analysis

Credit risk is the risk that a counterpart fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	September 30, 2020	December 31, 2019
	$	$
Classes of financial assets - carrying amounts:		
Cash and cash equivalents	8,249,361	6,965,916
Short-term investments	-	3,546,123
Trade and other receivables	103,454	52,949
Carrying amount	8,352,815	10,564,988

The Company continuously monitors defaults of clients and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company mitigates its credit risk by invoicing with short credit terms and actively collecting its accounts receivable. The Company is exposed to credit risk through its cash. The Company manages the credit risk associated with its cash by holding its funds with reputable financial institutions. Company policy forbids investment of cash and cash equivalents into any financial instrument where the principal may be at risk.

Client accounts are closely monitored for the amount and age of balances outstanding. Due to its credit practices, the Company has recorded nominal bad debt expense over the last five years. The Company's clients primarily consist of large pipeline operating companies who are considered to be of very good credit quality.

The Company's management considers its financial assets to be of very good credit quality and records an estimate of credit loss for any portion considered impaired.

The aging of accounts receivable was:

			September 30, 2020
	Gross trade and other receivables	Allowance for doubtful accounts	Net trade and other receivables
	$		$
Current	92,590	-	92,590
Past due 30 to 90 days	10,864	-	10,864
Total	103,454	-	103,454

			December 31, 2019
	Gross trade and other receivables	Allowance for doubtful accounts	Net trade and other receivables
	$		$
Current	35,481	-	35,481
Past due 30 to 60 days	17,468	-	17,468
Total	52,949	-	52,949

The Company reviews its trade receivables accounts regularly and an estimate of credit loss is recorded to reduce the accounts receivable to their expected realizable value when the account is determined not to be fully collectable. It is management's view that amounts outstanding from clients have no risk of not being collected.

Liquidity risk analysis

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages this risk by regularly evaluating its liquid resources to fund its current and long-term obligations in a cost-effective manner.

The Company's exposure to liquidity risk is mitigated through its continued ability to sell subscriptions to use its software and services and the prompt collection of accounts receivable. The Company controls its liquidity risk by managing its cash and cash flows.

The Company's financial liabilities are short-term in nature and payment is due within one year. Financial liabilities outstanding were September 30, 2020 - $555,855 (December 31, 2019 - $767,647).

The Company considers cash flows from financial assets of $8,352,815 (December 31, 2019 - $10,564,988) in assessing and managing liquidity risk. The Company's existing cash resources and trade receivables exceed its current cash outflow requirements. Cash flows from trade and other receivables are contractually due within two months.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

When preparing the consolidated financial statements, management makes estimates and assumptions about the measurement of assets, liabilities, income, and expenses. Actual results could differ from the estimates and assumptions made by management and the differences between estimates and actual results may be material.

Revenue and deferred revenue

Revenue is recognized when the revenue recognition criteria expressed in its accounting policy for Revenue Recognition have been met. Judgment may be required when allocating revenue or discounts on sales amongst the various elements in a sale involving multiple deliverables.

Determination of functional currency

The determination of functional currency is a matter of determining the primary economic environment in which an entity operates. IAS 21 "The Effect of Changes in Foreign Exchange Rates" sets out several factors to apply in making the determination of the functional currency; however, applying the factors in IAS 21 does not always result in a clear indication of functional currency. When IAS 21 factors indicate differing functional currencies within an entity, management uses judgment in the ultimate determination of that subsidiary's functional currency.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date and estimates the expected future utility of the assets to the Company. Actual results may vary due to technical obsolescence, particularly for computer equipment.

Stock based compensation

The amount recognized for stock-based compensation is an estimated expense based on the Company's stock price, expected volatility, expected life, and weighted average fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at the acquisition date at fair value. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date. Acquisition costs incurred are expensed in the period in which they are incurred except for costs related to shares issued in conjunction with the business combination which are recorded as a deduction from share capital.

Goodwill is initially measured at the excess of the fair value of consideration transferred less the fair value of the net identifiable assets acquired and liabilities assumed. If this amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the Consolidated Comprehensive Statement of Income (Loss). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is subject to an annual impairment test. Goodwill impairment is evaluated annually or more frequently, if events or changes in circumstances indicate that the asset might be impaired.

CHANGES IN ACCOUNTING POLICIES

No new Standards were issued and adopted by the Company in the current period:

MEASURES NOT IN ACCORDANCE WITH IFRS

The term Adjusted EBITDA does not have a standardized meaning under IFRS and therefore is unlikely to be comparable to similar measures presented by other companies. EBITDA represents earnings before interest, taxes, depreciation, and amortization. OneSoft Solutions includes stock-based compensation and impairment charges as an adjustment to earnings in this measure and therefore refers to the measure as Adjusted EBITDA. Adjusted EBITDA is used by OneSoft as an indirect measure for operating performance, and has targeted certain levels for it, as it is considered to be a significant factor in the success of this business. The following is a reconciliation of Adjusted EBITDA to net loss for each of the annual periods presented in this MD&A.

	Three month ended Sept 30,		Nine months ended Sept 30,	
	2020 $	2019 $	2020 $	2019 $
Net loss	(998,826)	(664,172)	(2,316,853)	(2,481,100)
Add (subtract):				
Depreciation and amortization	103,137	99,971	310,062	298,730
Stock based compensation	103,731	124,604	490,801	561,436
Interest income	(23,266)	(35,071)	(97,761)	(69,205)
Adjusted EBITDA	(815,224)	(474,668)	(1,613,751)	(1,690,139)

ADVISORY REGARDING FORWARD LOOKING INFORMATION

This MD&A, the unaudited interim consolidated Financial Statements for the three and nine months ended September 30, 2020, the audited consolidated Financial Statements for the year ended December 31, 2019 and the audited consolidated Financial Statements for the period ended December 31, 2018 (the “2020 Reporting Documents”) contain historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results, performance or achievements of the Company. Statements made regarding potential future developments, and anticipated financial results, performance or achievements of the Company are forward-looking statements and are presented to provide guidance to the reader but their accuracy depends on assumptions and are subject to various known and unknown risks and uncertainties. Forward-looking statements are included under the headings: ”Highlights of the Three and Nine Months ended September 30, 2020”, “Outlook”, “Subsequent to Period-End”, “Financial Condition and Liquidity”, “Post-Reporting Date Event” and “Risks and Uncertainties” and in other sections of this MD&A. When used in the MD&A, such statements may contain such words as “may,” “will,” “intend,” “should,” “expect,” “believe,” “outlook,” “predict,” “remain,” “anticipate,” “estimate,” “potential,” “continue,” “plan,” “could,” “might,” “project,” “targeting” or the negative of these terms or other similar terminology. Forward looking information in the 2020 Reporting Documents includes, without limitation, statements regarding funding requirements. These statements are based on management’s current expectations regarding future events and operating performance, are based on information currently available to management, speak only as of the date of the 2020 Reporting Documents and are subject to risks which are described on page 11 of this MD&A and in the Company’s public filings on the Canadian Securities Administrators’ website at www.sedar.com (“**SEDAR**”) and as updated from time to time, and would include, but are not limited to the effects of the Covid-19 world pandemic and related effects on the North American global economy which may transit to OneSoft Solutions, dependence on market economic conditions, the efficacy of the Company’s software products, sales and margin risk, acquisition and integration risks, competition, information system risks, risks associated with the introduction of new products, product design risk, environmental risks, customer and vendor risks, credit risks, currency risks, tax risks, risks of legislative changes, risks relating to remote operations, key executive risk and litigation risks. In addition, there are numerous risks associated with an investment in the Company’s common shares, which are also further described in the “Risks and Uncertainties” section in this MD&A, and as updated from time to time, the Company’s other public filings on SEDAR. These risks and uncertainties may cause actual results to differ materially from those contained in the statements. Such statements reflect management’s current views and are based on certain assumptions. Some of the key assumptions include but are not limited to: assumptions regarding the performance of the Canadian and the United States economies; interest rates; exchange rates; capital availability; the amount of the Company's cash flow from operations; tax laws; laws and regulations relating to the protection of the environment; and capital spending requirements or planning in respect thereto, including but not limited to the performance of any such business and its operation. They are, by necessity, only estimates of future developments and actual developments may differ materially from these statements due to known and unknown factors. Investors are cautioned not to place undue reliance on these forward-looking statements. All forward-looking information in the 2020 Reporting Documents is qualified by these cautionary statements. Although the forward-looking information contained these 2020 Reporting Documents is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in the 2020 Reporting Documents may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than these 2020 Reporting Documents.

The forward-looking statements contained in the 2020 Reporting Documents are made as of the date of this report and should not be relied upon as representing management's views as of any date after the date of this report. Except as required by applicable law, the Company undertakes no obligation to publicly update or otherwise revise any forward-looking statement, whether because of new information, future events, or otherwise.