



Condensed Interim Consolidated Financial Statements

For the three and six months ended June 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	June 30, 2020 (unaudited) \$	December 31, 2019 (audited) \$
Assets			
Current assets			
Cash and cash equivalents	3	9,468,633	6,965,916
Short term investments	4	-	3,546,123
Trade and other receivables		129,224	52,949
Prepaid expenses and deposits		89,512	63,523
Current assets		<u>9,687,369</u>	<u>10,628,511</u>
Non-current assets			
Property and equipment		21,583	18,645
Intangible assets		941,586	1,141,254
Goodwill		155,693	155,693
Total assets		<u>10,806,231</u>	<u>11,944,103</u>
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		463,944	767,647
Deferred revenue	5	1,536,933	1,639,879
Total liabilities		<u>2,000,877</u>	<u>2,407,526</u>
Shareholders' equity			
Share capital	6	18,010,508	17,646,248
Warrants	6	-	135,780
Contributed surplus	6	2,159,181	1,779,891
Deficit		(11,364,020)	(10,045,993)
Accumulated other comprehensive (loss) income		(315)	20,651
Total equity		<u>8,805,354</u>	<u>9,536,577</u>
Total liabilities and equity		<u>10,806,231</u>	<u>11,944,103</u>
Post-reporting date event	10		

Signed "Dwayne Kushniruk", Director

Signed "Doug Thomson", Chair

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

	Notes	Three Months		Six Months	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		\$	\$	\$	\$
Revenue		619,470	709,740	2,294,956	1,302,042
Direct costs		183,758	176,650	525,300	256,514
Gross profit		435,712	533,090	1,769,656	1,045,528
Operating expenses					
Salaries and employee benefits		1,142,799	750,920	2,055,757	1,564,380
Sales and marketing		110,477	101,414	249,167	297,090
General and administration		162,209	187,793	336,813	361,523
Operating expenses		1,415,485	1,040,127	2,641,737	2,222,993
Software development costs capitalized		-	(47,636)	-	(47,636)
Operating expenses, net of costs capitalized		1,415,485	992,491	2,641,737	2,175,357
Loss before other expense (income)		(979,773)	(459,401)	(872,081)	(1,129,829)
Other expense (income)					
Stock-based compensation		221,924	284,477	387,070	436,832
Amortization of intangible assets		99,893	94,412	199,776	188,939
Depreciation of property and equipment		3,402	5,336	7,149	9,820
Foreign exchange loss (gain)		69,233	91,076	(73,554)	90,375
Interest income		(29,624)	(27,534)	(74,495)	(34,134)
		364,828	447,767	445,946	691,832
Loss before income taxes		(1,344,601)	(907,168)	(1,318,027)	(1,821,661)
Income tax expense		-	-	-	-
Net loss		(1,344,601)	(907,168)	(1,318,027)	(1,821,661)
Other comprehensive (loss) income					
Foreign exchange (loss) gain on translation of foreign operations net of income tax		(5,001)	70,957	(20,966)	18,059
Comprehensive loss		(1,349,602)	(836,211)	(1,338,993)	(1,803,602)
Net loss per share					
Basic		(0.01)	(0.01)	(0.01)	(0.02)
Diluted		(0.01)	(0.01)	(0.01)	(0.02)
Weighted average number of shares:					
Basic		114,645,154	109,491,180	113,877,983	105,281,053
Diluted		114,645,154	109,491,180	113,877,983	105,281,053

OneSoft Solutions Inc.

Condensed Interim Consolidated Statements of Changes in Equity

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

		Common Shares	Share Capital	Warrants		Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Note	#	\$	#	\$	\$	\$	\$	\$
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	2,015,000	364,260	-	-	(143,560)	-	-	220,700
Stock-based compensation	6	-	-	-	-	387,070	-	-	387,070
Net loss		-	-	-	-	-	(1,318,027)	-	(1,318,027)
Foreign exchange loss on translation of foreign operations		-	-	-	-	-	-	(20,966)	(20,966)
Balance, June 30, 2020		114,955,813	18,010,508	-	-	2,159,181	(11,364,020)	(315)	8,805,354

OneSoft Solutions Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended June 30, 2020 and 2019 (unaudited)

	Notes	June 30, 2020 \$	June 30, 2019 \$
Operating activities			
Net loss		(1,318,027)	(1,821,661)
Items not involving cash:			
Stock-based compensation		387,070	436,832
Amortization of intangible assets		199,776	188,939
Depreciation of property and equipment		7,149	9,820
Cash flow to operations		(724,032)	(1,186,070)
Cash flow (to) from working capital accounts:			
Trade and other receivables		(74,430)	1,711,856
Prepaid expenses and deposits		(24,497)	(29,252)
Accounts payable and accrued liabilities		(314,274)	(144,207)
Deferred revenue		(184,063)	1,504,130
Total changes in working capital accounts		(597,264)	3,042,528
Cash flow (used) provided by operating activities		(1,321,296)	1,856,458
Financing activities			
Issue of common shares		-	9,064,220
Issue of warrants		-	135,780
Share issue costs		-	(854,315)
Exercise of stock options		220,700	-
Cash flow provided by financing activities		220,700	8,345,685
Investing activities			
Purchase of equipment		(9,767)	(9,517)
Trademark registration and purchase of software		-	(1,130)
Software development costs capitalized		-	(47,636)
Cash flow used in investing activities		(9,767)	(58,283)
Effect of foreign exchange rate fluctuation on cash and cash equivalents		66,957	(15,489)
Net change in cash and cash equivalents		(1,043,406)	10,128,371
Cash and cash equivalents, beginning of period		10,512,039	2,015,428
Cash and cash equivalents, end of period		9,468,633	12,143,799
Supplementary cash flow information			
Interest received		62,295	-

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 August 25, 2020.

3.0 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	June 30, 2020 \$	December 31, 2019 \$
Cash at bank:		
Short-term deposits (USD)	78,475	271,317
Short-term deposits (CDN)	112,208	229,716
Interest-bearing deposits	3,268,479	850,499
Interest bearing investments (CDN)	4,604,958	3,991,649
Interest bearing investments (USD)	1,390,937	1,609,799
Restricted cash (USD)	13,576	12,936
Cash and cash equivalents	<u>9,468,633</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.

	June 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

	Six months ended June 30, 2020	Year ended December 31, 2019
	\$	\$
Balance, start of period	1,639,879	703,056
New contracts	1,724,583	2,343,847
Applied or consumed	(1,821,027)	(1,347,776)
Foreign exchange adjustment	(6,502)	(59,248)
Balance, end of period	1,536,933	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 June 30, 2020, the maximum number of stock options that may be granted was 11,495,581 (December 31, 2019 – 11,294,081). The number of options available under the Plan for granting purposes as at June 30, 2020 was 2,265,580 (December 31, 2019 – 1,124,080).

	June 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	1,175,000	0.48	1,400,000	0.76
Exercised	(2,015,000)	0.11	(416,666)	0.18
Forfeited	(100,000)	0.67	-	-
Outstanding, end of period	9,230,001	0.39	10,170,001	0.32
Options exercisable, end of period	7,321,673	0.35	8,070,007	0.26

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 \$
June 30, 2020	0.10 – 0.14	25,000	0.11	0.08	25,000	0.11
	0.15 – 0.20	2,233,334	0.18	0.89	2,233,334	0.18
	0.21 - 0.27	1,896,667	0.23	1.61	1,846,669	0.23
	0.28 – 0.48	1,975,000	0.42	2.72	1,800,000	0.43
	0.49 – 0.92	3,100,000	0.61	3.90	1,416,670	0.69
June 30, 2020		9,230,001	0.39	2.44	7,321,673	0.35
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 six months ended June 30, 2020 was \$387,070 (June 30, 2019 - \$436,832).

Warrants

	June 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		Six Months	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	\$	\$	\$	\$
Primary geographical markets				
U.S.A.	613,220	703,490	2,288,706	1,295,792
Canada	6,250	6,250	6,250	6,250
	<u>619,470</u>	<u>709,740</u>	<u>2,294,956</u>	<u>1,302,042</u>
Major services:				
Subscriptions to use software	569,511	703,490	2,182,414	1,295,792
Software related services	43,709	-	106,292	-
Licensing of company software	6,250	6,250	6,250	6,250
	<u>619,470</u>	<u>709,740</u>	<u>2,294,956</u>	<u>1,302,042</u>
Timing of revenue recognition				
Services transferred over contract term	504,704	676,298	1,030,126	1,253,177
Services transferred at a point in time	114,766	33,443	1,264,830	48,865
	<u>619,470</u>	<u>709,740</u>	<u>2,294,956</u>	<u>1,302,042</u>

The Company earned revenue from customers who comprised greater than 10% of its revenue. During the six months ended June 30, 2020 and 2019, revenue earned from customer A was \$543,635 (June 30, 2019 - \$514,599) and customer B was \$1,391,642 (June 30, 2019 - \$156,313).

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

	June 30, 2020	December 31, 2019
As at		
Canada		
Property and equipment	\$ 14,734	\$ 12,074
Intangible assets	939,964	1,139,101
Goodwill	155,693	155,693
Total Canada	<u>1,110,391</u>	<u>1,306,868</u>
United States		
Property and equipment	6,849	6,571
Intangible assets	1,622	2,153
Total United States	<u>8,471</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:

	June 30, 2020	June 30, 2019
For the six months ended		
Salaries, benefits, management fees and directors' fees	\$ 475,572	\$ 481,416
Stock based compensation	209,924	222,213
	<u>\$ 685,496</u>	<u>\$ 703,629</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 pandemic on our business

The ongoing COVID-19 global pandemic, and actions taken by governmental authorities in response thereto has resulted in 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 and travel bans. 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 Post reporting date event

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 and contractual rights pertaining thereto, including all legacy and current technologies.