



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and February 28, 2018

CHANGE IN YEAR-END

Effective in 2018, the Company changed its financial year-end from February 28 to December 31 to align with the financial reporting of most public issuers. The change in year-end resulted in the Company filing a one-time, ten-month transition year covering the period of March 1, 2018 to December 31, 2018. Subsequent to the transition year, the Company's financial year will cover the period January 1 to December 31. The information presented in the consolidated statement of comprehensive loss and cash flows are for the three months ended March 31, 2019 as compared to the three months ended February 28, 2018. The consolidated statements of financial position as at March 31, 2019 and December 31, 2018 are presented. As a result of the change in year-end, the information contained in these condensed consolidated interim financial statements may not be comparable to previously reported periods.

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	March 31, 2019	December 31, 2018
	1	(unaudited)	(audited)
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,635,007	2,015,428
Trade and other receivables		107,262	1,756,177
Prepaid expenses and deposits		82,527	57,672
Current assets		<u>2,824,796</u>	<u>3,829,277</u>
Non-current assets			
Property and equipment		23,692	21,172
Intangible assets	3	1,329,997	1,424,524
Goodwill		155,693	155,693
Total assets		<u>4,334,178</u>	<u>5,430,666</u>
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		585,068	706,854
Deferred revenue	4	<u>551,893</u>	<u>703,056</u>
Current liabilities		<u>1,136,961</u>	<u>1,409,910</u>
Shareholders' equity			
Share capital	6	9,261,265	9,269,768
Contributed surplus		1,343,406	1,191,051
Accumulated other comprehensive loss		(52,898)	-
Deficit		<u>(7,354,556)</u>	<u>(6,440,063)</u>
Total equity		<u>3,197,217</u>	<u>4,020,756</u>
Total liabilities and equity		<u>4,334,178</u>	<u>5,430,666</u>
Post-reporting date events	9		

Approved on behalf of the Board of Directors

Signed "Dwayne Kushniruk", Director

Signed "Doug Thomson", Chair

OneSoft Solutions Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three months ended March 31, 2019 and February 28, 2018 (unaudited)

	Notes	March 31, 2019 \$	February 28, 2018 \$
Revenue		592,302	283,202
Direct costs		79,865	33,417
Gross profit		512,437	249,785
Expenses			
Salaries and employee benefits		813,459	644,866
Sales and marketing		195,677	97,619
General and administration		173,730	77,828
		1,182,866	820,313
Software development costs capitalized	3	-	(32,390)
Expenses net of cost capitalization		1,182,866	787,923
Loss before Other income (expense)		(670,429)	(538,138)
Other income (expense)			
Stock based compensation		(152,355)	(101,629)
Amortization of intangible assets		(94,527)	84,291
Depreciation of property and equipment		(4,483)	(4,465)
Impairment of internally generated software		-	(254,601)
Revaluation of contingent consideration	5	-	(94,072)
Interest income		6,601	-
Foreign exchange gain (loss)		700	(2,165)
Impairment of goodwill		-	(51,898)
Loss on disposal of capital assets		-	(1,785)
		(244,064)	(426,324)
Loss before income taxes		(914,493)	(964,462)
Income tax expense		-	-
Net loss		(914,493)	(964,462)
Exchange loss on translation of foreign operations, net of income tax of \$nil		(52,898)	-
Net comprehensive loss		(967,391)	(964,462)
Comprehensive loss per share		(0.01)	(0.01)
Weighted average number of shares			
Basic		101,024,147	86,329,057
Diluted		101,024,147	86,329,057

OneSoft Solutions Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Three months ended March 31, 2019 (unaudited) and ten months ended December 31, 2018 (audited)

	Common		Warrants		Contributed	Deficit	Total
	Shares	Share Capital			Surplus		
	#	\$	#	\$	\$	\$	\$
Balance, February 28, 2018	96,223,814	7,887,931	4,200,333	121,248	920,348	(6,755,712)	2,173,815
Contingently issued shares released from escrow	-	497,601	-	-	-	-	497,601
Exercise of warrants for shares	4,200,333	688,298	(4,200,333)	(121,248)	-	-	567,050
Exercise of stock options	600,000	195,938	-	-	(94,938)	-	101,000
Stock-based compensation	-	-	-	-	365,641	20,869	386,510
Comprehensive income	-	-	-	-	-	294,780	294,780
Balance, December 31, 2018	101,024,147	9,269,768	-	-	1,191,051	(6,440,063)	4,020,756
Stock-based compensation	-	-	-	-	152,355	-	152,355
Share issuance costs	-	(8,503)	-	-	-	-	(8,503)
Comprehensive loss	-	-	-	-	-	(967,391)	(967,391)
Balance, March 31, 2019	101,024,147	9,261,265	-	-	1,343,406	(7,407,454)	3,197,217

OneSoft Solutions Inc.**Condensed Interim Consolidated Statements of Cashflows****For the three months ended March 31, 2019 and February 28, 2018 (unaudited)**

	Notes	March 31, 2019	February 28, 2018
		\$	\$
Operating activities			
Net comprehensive loss		(967,391)	(964,462)
Items not involving cash:			
Stock-based compensation		152,355	101,629
Amortization of intangible assets		94,527	(84,291)
Depreciation of property and equipment		4,484	4,465
Fair value increase (decrease) of contingently issued shares	5	-	91,848
Impairment of internally generated software		-	254,601
Impairment of goodwill		-	51,898
Loss on disposal of property and equipment		-	1,785
Funds used in operations		(716,025)	(542,527)
Cash flow from (to) working capital accounts:			
Trade and other receivables		1,648,915	(9,391)
Prepaid expenses and deposits		(24,855)	(4,657)
Accounts payable and accrued liabilities		(121,786)	81,273
Deferred revenue		(151,163)	2,088,995
Total changes in working capital accounts		1,351,111	2,156,220
Cash flow provided by operating activities		635,086	1,613,693
Financing activities			
Exercise of warrants	6	-	1,550,476
Exercise of stock options		-	18,333
Share issue costs		(8,503)	-
Cash flow provided by financing activities		(8,503)	1,568,809
Investing activities			
Trademark registration and purchase of software		-	(3,415)
Software development costs capitalized	3	-	(32,139)
Purchase of equipment		(7,004)	-
Cash flow used in investing activities		(7,004)	(35,554)
Net change in cash and cash equivalents		619,579	3,146,948
Cash and cash equivalents, beginning of period		2,015,428	518,749
Cash and cash equivalents, end of period		2,635,007	3,665,697

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and February 28, 2018 (unaudited)

1.0 Corporate information

OneSoft Solutions Inc. (the "Company") is a public company incorporated in Alberta and its common shares trade in Canada on the TSX Venture Exchange under the symbol "OSS" and in the United States of America on the OTCQB market under the symbol "OSSIF". It has its corporate office at Suite 4227, 10230 Jasper Avenue, Edmonton, Alberta, Canada T5J 4P6. The Company conducts its operations through its wholly owned and controlled subsidiaries, OneCloudCo Limited ("OCC"), CloudCo Solutions Inc. ("CCS"), OneBridge Solutions Inc. ("OBS") and OneBridge Solutions, Inc. ("OBS USA").

OBS was incorporated in Alberta on June 16, 2015. It provides software services to the oil and gas pipeline industry consisting of cognitive software solutions incorporating machine learning, predictive analytics and other data sciences techniques. OBS owns the net assets purchased from Bridge Solutions Inc. in July 2015.

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

OCC was incorporated in the State of Delaware, USA, on July 18, 2014. OCC discontinued providing software solutions to clients in July 2016. It is currently inactive.

CCS was incorporated in Alberta, Canada on July 15, 2014 and provided software development services to OCC. It is currently inactive.

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 ten months ended December 31, 2018.
- 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 May 22, 2019.

Change in Year-end

Effective in 2018, the Company changed its financial year-end from February 28 to December 31 to align with the financial reporting of most public issuers. The change in year-end resulted in the Company filing a one-time, ten-month transition year covering the period of March 1, 2018 to December 31, 2018. Subsequent to the transition year, the Company's financial year will cover the period January 1 to December 31. The information presented in these consolidated financial statements includes the three months ended March 31, 2019 as compared to the three months ended February 28, 2018. As a result, the information contained in these condensed consolidated interim financial statements may not be comparable to previously reported periods

OneSoft Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and February 28, 2018 (unaudited)

3.0 Intangible assets

	Internally generated software \$	Software \$	Trademark \$	License Agreement and Customer list \$	Total \$
Cost					
Balance at December 31, 2018	1,959,334	616,022	18,980	174,672	2,769,008
Software development costs capitalized	-	-	-	-	-
Purchased	-	-	-	-	-
Balance at March 31, 2019	1,959,334	616,022	18,980	174,672	2,769,008
Amortization					
Balance at December 31, 2018	(556,247)	(610,589)	(2,976)	(174,672)	(1,344,484)
Amortization	(92,947)	(539)	(1,041)	-	(94,527)
Balance at March 31, 2019	(649,194)	(611,128)	(4,017)	(174,672)	(1,439,011)
Carrying amount					
As at December 31, 2018	1,403,087	5,433	16,004	-	1,424,524
As at March 31, 2019	1,310,140	4,894	14,963	-	1,329,997

4.0 Deferred revenue

	Three months ended March 31, 2019 \$	Ten months ended December 31, 2018 \$
Balance, beginning of period	703,056	2,153,435
New contracts	204,743	828,974
Applied or amortized	(347,168)	(2,368,254)
Foreign exchange adjustment	(8,738)	88,901
Balance, end of period	551,893	703,056

The deferred revenue represents prepayments for the right to access the Company's software in future periods and to migrate a client's software from an on-premise application to the Microsoft cloud.

5.0 Contingent consideration

On July 17, 2015, the Company acquired the business of Bridge Solutions Inc. ("Bridge"), a private Alberta company established in 2002. Bridge had developed technology that provided pipeline operators with comprehensive information about their pipelines to assist them in optimizing infrastructure management and identifying potential threats to a pipeline's integrity.

Pursuant to the terms of the acquisition, OneSoft, through a newly incorporated and wholly-owned subsidiary, OneBridge Solutions Inc. ("OneBridge"), acquired all rights, title and interest in and to the Bridge intellectual properties and goodwill associated therewith for a fair value acquisition price of \$818,077, paid by issuance of 11,733,024 OSS treasury shares. Of these shares, as at February 28, 2018, 4,503,800 (2017 - 4,503,800) shares were being held under escrow restrictions in accordance with the policies of the TSX Venture Exchange. The shares were to be released contingently based on a performance earn-out value determined by the future generation of earnings before interest income, income taxes, depreciation and amortization expense ("EBITDA") by OneBridge. The Company reassessed the fair value of the contingently issued shares at each period-end primarily to reflect changes in the trading price of the Company shares on the TSX Venture Exchange.

On June 21, 2018, the TSX Venture Exchange approved the release of the escrowed, contingently issued shares subject to disinterested shareholders voting to approve the release. On July 24, 2018, disinterested shareholders approved the release of the shares without satisfaction of the performance earn-out formula. On September 24, 2018, after a mandated sixty day hold period, the shares were released from escrow.

OneSoft Solutions Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and February 28, 2018 (unaudited)

	3 months ended March 31, 2019	Ten months ended December 31, 2018
		# \$
Balance, beginning of period	\$ -	4,503,800 430,587
Change in fair value	-	- 67,014
Shares released from escrow	-	(4,503,800) (497,601)
Balance end of period	\$ -	- -

6.0 Share capital

Share capital represents the nominal value of the common shares that have been issued, less transaction costs.

Warrants

	Three months ended March 31, 2019		Ten months ended December 31, 2018	
	Number of warrants #	Weighted average exercise price \$	Number of warrants #	Weighted average exercise price \$
Balance, beginning of period	-	-	4,200,333	0.14
Exercised	-	-	(4,200,333)	0.14
Balance, end of period	-	-	-	-

Warrant holders exercised nil (2018 - 4,200,333) share purchase warrants at a weighted average price of \$nil (2018 - \$ 0.14) per share to acquire an equal number of common shares for proceeds to the Company of \$nil (December 31, 2018 - \$567,050). The warrants were issued as part of private placement financings closed March 27, 2015 and March 31, 2016 and had expiry dates in March 2018. The Company used the proceeds to fund business plans and for general working capital purposes.

7.0 Segmented reporting

Operating segments are identified based on internal reports that are 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 software and provision of software related services.

The following table presents revenue from contracts with customers disaggregated by geographic location, customer-type and contract-type to depict how the nature, amount, timing and uncertainty of revenue and cash flows could be affected by economic factors.

Revenue:	Three months ended	
	March 31, 2019	February 28, 2018
	\$	\$
Primary geographical markets		
U.S.A.	\$ 592,302	\$ 276,952
Canada	-	6,250
	\$ 592,302	\$ 283,202
Major services:		
Subscriptions to use software	\$ 592,302	\$ 276,952
Licensing of company software	-	6,250
	\$ 592,302	\$ 283,202
Timing of revenue recognition		
Services transferred over contract term	576,880	245,488
Services transferred at a point in time	\$ 15,422	\$ 37,714
	\$ 592,302	\$ 283,202

OneSoft Solutions Inc.**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2019 and February 28, 2018 (unaudited)**

The Company earned revenue from customers who comprised greater than 10% of its revenue. During the three months ended March 31, 2019 and February 28, 2018, revenue earned from customer A was \$255,129 (February 28, 2018 - \$223,462), customer B \$110,468 (February 28, 2018 - \$nil), customer C - \$110,242 (February 28, 2018 - \$nil) and customer D \$99,713 (February 28, 2018 - \$nil). The amount receivable from these customers as at March 31, 2019 was \$85,534 (December 31, 2018 - \$1,727,320).

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

	March 31, 2019 \$	December 31, 2018 \$
Canada		
Property and equipment	8,989	9,053
Intangible assets	1,326,481	1,420,660
Goodwill	155,693	155,693
Total Canada	1,491,163	1,585,406
United States		
Property and equipment	14,703	12,119
Intangible assets	3,516	3,864
Total United States	18,219	15,983

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:

	Three months ended March 31, 2019 \$	February 28, 2018 \$
Salaries, benefits, management fees and directors' fees	236,438	262,792
Stock based compensation	23,747	23,976
Total	260,185	286,768

Stock based compensation is the amount of 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 \$5,250 (December 31, 2018 - \$136,569) due to key management personnel.

9.0 Post-reporting date event:

Payment of new contract:

The Company contracted with a large U.S. based pipeline company to provide right of access to and use of its Cognitive Integrity Management software and the provision of related consulting services. IFRS accounting standards precluded the recognition of the accounts receivable and the related deferred revenue until the later of its due date or when a good or service has been transferred to the customer. The customer commenced use of the software and consulting services in April 2019 and a prepayment for services to be rendered of approximately Canadian \$2 million was received in May 2019.

New financing and issue of shares:

On April 25, 2019, the Company announced it had closed a short form prospectus offering, on a bought-deal basis, of 11,500,000 common shares (which included an over-allotment of 1,500,000 shares) at \$0.80 per share to raise gross proceeds of \$9,200,000. The underwriters received a cash commission equal to 6% of the gross proceeds of the Offering and Broker Warrants equal to 6% of the Common Shares sold pursuant to the Offering. Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of \$1.00 for a period of 12 months following the Offering's closing date. Underwriters' commissions and expenses totaled \$647,045. Expenses for legal and professional services are estimated to be \$200,000. The net proceeds will be used by the Company to accelerate new product development, marketing and sales initiatives, and for working capital and general corporate purposes.