

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Initiating Coverage



One Soft Solutions, Inc.

(OTC: OSSIF, TSX-V: OSS.V)

Report Date: 09/27/22

12- 24 month Price Target: US\$.60

Allocation: 4

(Adjusted) Closing Stock Price at Initiation (Closing Px: 09/26/22):US\$.34

Prepared By:

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Disclosure: Portions of this report are excerpted from OneSoft's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Company Overview

OneSoft Solutions Inc. (“OSS”) is a provider of software solutions for select markets, all of which are built using Microsoft’s Cloud technologies. Its mission is to acquire, manage and build next-generation software businesses that will provide specialized, mission-critical cloud-based software solutions to address customer needs. OneSoft develops software technology and products that have the capability to transition legacy, on premise licensed software applications to operate on the Microsoft Cloud using Microsoft Business Intelligence software (“Microsoft BI”) and Microsoft Azure Data Sciences functionality including Machine Learning and Predictive Analytics. OneSoft’s business strategy is to seek opportunities to convert legacy business software applications that are historically cumbersome to deploy and costly to operate, to a more cost-efficient subscription-based business model utilizing the Microsoft Cloud platform and services, with accessibility through any internet capable device.

OneSoft currently, conducts all of its commercial business operations through the OneBridge Solutions entities. OneBridge Solutions, Inc. is licensed to sell rights to access and use, on a software-as-a-service (“SaaS”) basis only, the Company’s products in the USA and select international markets. OneBridge Solutions Canada Inc. owns all the Company’s intellectual property and may sell rights to access and use the Company’s products in certain markets. The Company acquired the OneBridge assets in 2015, and since that time, the Company has focused on addressing the end-to-end business process flow of oil and gas pipeline integrity management processes including assessment planning, integrity compliance, dig management, threat monitoring, risk assessment, data management and analyses of the various datasets that apply to asset integrity.

OneSoft’s technological strategy is closely aligned with Microsoft, as OneSoft’s management believes that Microsoft’s action to promote its cloud platform as the global cloud platform of choice will have a significant influence on its future success. In December 2015, OneBridge was selected by Microsoft Accelerator, as one of nine companies from 721 applicants from 50 countries, to participate in Microsoft’s first Accelerator program to focus on Machine Learning, Data Sciences and Big Data. Accelerator took place in Seattle from February 2016 to June 2016, wherein OSS fast-tracked the design and development of its flagship product, Cognitive Integrity Management (“CIM”). Microsoft’s decision to support the OneBridge project has been highly valuable to date and has included collaboration with Microsoft’s Oil and Gas sales field teams, who have introduced OneBridge to enterprise level prospective customers of which some are now its customers.

Our enthusiasm for OneSoft rests on a handful of tenets that we think may be starting to coalesce and result in marked operating improvement for the Company. We will cover much of this throughout this report, but here is a brief summary of some of those points.

From the macro view, some of our thesis here rests on the notion that domestic energy production and the pipeline infrastructure that supports it are not going away anytime soon. We understand the momentum behind the green/renewables movement, so we could certainly be wrong about the future of the domestic fossil fuel industry. Ironically, we think both dynamics; the continued need for domestic fossil fuels and the momentum of green initiatives may both prove to be tailwinds for OneSoft. To edify, while we think domestic fossil fuels will continue to play a large role in our energy future, we also think it will come with more scrutiny on its environmental impact and that would obviously include things like pipeline failures etc. In a nutshell, mitigating the negative impact of pipeline failures is one of OneSoft’s core competencies.

Second, we think the Company’s CIM platform provides a considerable value proposition in terms of its costs and benefits relative to other legacy approaches to things like compiling and analyzing in-line pipeline data. That value includes not only their platform’s ability to monitor pipelines more cost effectively and more quickly, but also its ability to better mitigate failure. Pipeline failures can be catastrophic and very expensive, so mitigating them better than the status quo has marked value in and of itself, mitigating them faster and cheaper as well, is a rare trifecta in technology innovation.

The Pipeline Incident 20 Year Trend, summarized in the following chart by the US industry regulator, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), attests to the ongoing need to improve integrity management processes for aging pipeline infrastructure:

PHMSA Pipeline Incidents: (2002-2021)
Incident Type: All Reported System Type: (All Column Values) State: (All Column Values)

Calendar Year	Number	Fatalities	Injuries	Total Cost As Reported
2002	642	12	49	\$102,167,588
2003	670	12	71	\$139,044,004
2004	671	23	60	\$267,836,502
2005	719	17	47	\$1,245,463,189
2006	639	21	36	\$151,983,767
2007	610	15	49	\$153,772,432
2008	659	8	56	\$564,830,840
2009	627	13	64	\$179,070,183
2010	586	22	108	\$1,692,501,887
2011	588	13	55	\$426,330,261
2012	571	12	57	\$229,852,664
2013	617	9	44	\$368,993,939
2014	706	19	95	\$368,066,350
2015	712	11	48	\$351,449,851
2016	632	16	87	\$376,497,725
2017	646	7	32	\$340,276,223
2018	634	7	78	\$2,262,348,696
2019	657	11	36	\$351,035,300
2020	577	15	40	\$385,902,665
2021	632	13	32	\$220,942,767
Grand Total	12,795	276	1,144	\$10,178,366,833

PHMSA Pipeline Incidents: Multi-Year Averages (2002-2021)
Incident Type: All Reported System Type: (All Column Values) State: (All Column Values)

Third, the Company utilizes a SaaS (software-as-a-service) revenue model, which includes software type margins. Along with its recurring nature, the platform/service is proving to be sticky as OneBridgE has typically experienced negligible (even negative) customer churn. The Company’s current commercial module is referred to as CIM Core (Cognitive Integrity Management), which represents the evolution of their original ILI (“In Line Inspection) Management platform. As we will delineate below, they have and will continue to add various functions/modules to the platform, and we think their growing installed recurring base, will provide fertile ground for the expansion of the platform. At the same time, they also continue to grow the business from the existing customer base as well, which speaks to our “sticky” observation above. Moreover, what is perhaps more impressive is the profile of the Company’s “A-List” customer base, which they continue to expand.

Fourth, as noted above, for a small enterprise the Company has an interesting history and ongoing relationship with Microsoft, which centers on OneSoft’s utilization of Microsoft’s Azure cloud platform.

We suspect that relationship has played a role in the launch and growth of the business and our sense is that it should remain an advantage.

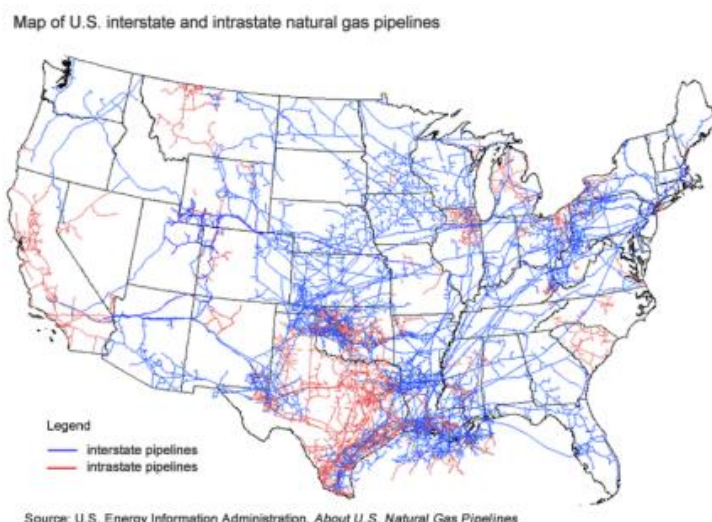
To reiterate, we think the stars are beginning to align at OneSoft as a handful of key metrics (recurring revenues, customers, customer penetration, product portfolio and others) appear to be gathering momentum. Further, we think the posture of the energy markets and in turn domestic energy infrastructure may provide some additional tailwinds for the Company as their value proposition becomes more topical.

Industry Overview

Table 1.

According to the U.S Energy Information Administration: {[Natural gas pipelines - U.S. Energy Information Administration \(EIA\)](#)}:

“The U.S. natural gas pipeline network is a highly integrated network that moves natural gas throughout the continental United States. The pipeline network has about 3 million miles of mainline and other pipelines that link natural gas production areas and storage facilities with consumers. In 2020, this natural gas transportation network delivered about 27.7 trillion cubic feet (Tcf) of natural gas to about 77.3 million customers.



- *Transporting natural gas from production areas to consumers involves a series of steps that are generally carried out in the following order:*
- *Gathering systems, primarily made up of small-diameter, low-pressure pipelines, move raw natural gas from the wellhead to a natural gas processing plant or to an interconnection with a larger mainline pipeline.*
- *Natural gas processing plants separate hydrocarbon gas liquids, nonhydrocarbon gases, and water from the natural gas before the natural gas is delivered into a mainline transmission system.*
- *Wide-diameter, high-pressure interstate transmission pipelines that cross state boundaries and intrastate transmission pipelines that operate within state boundaries transport natural gas from the producing and processing areas to storage facilities and distribution centers. Compressor stations (or pumping stations) on the pipeline network keep the natural gas flowing forward through the pipeline system.*
- *Local distribution companies deliver natural gas to consumers through small-diameter, lower pressure service lines.*

About half of the existing mainline natural gas transmission network and a large portion of the local distribution network were installed in the 1950s and 1960s because consumer demand for

natural gas more than doubled following World War II. The distribution network has continued to expand to provide natural gas service to new commercial facilities and housing developments.

There are some things above worth edifying.

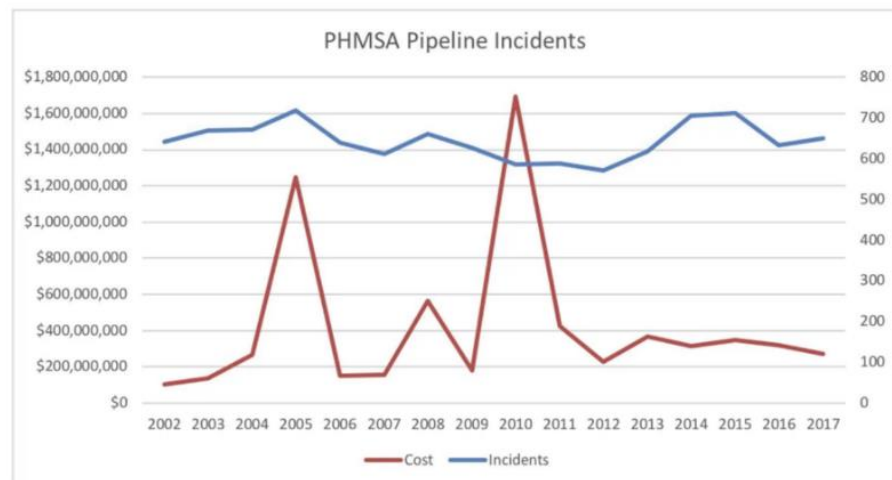
Clearly, there is an abundance of natural gas pipelines crisscrossing the country, and while the number above from EIA denotes “natural gas” pipelines, there are other pipelines that carry refined products and others as well, which are generally referred to “hazard liquids” , (oil for instance) as well as others that carry liquified natural gas (LNG).

As the above narrative also denotes, this network of pipelines includes a variety of pipeline types, and those types vary by what they carry, who they carry it to and/or what stage of processing the contents are in. For example, interstate transmission lines carry large volumes of gas to distribution points that divide the gas up and deliver it to individual end users (a residence for instance). Still others may deliver gas from the well head to a gas gathering/separation plant, which may then end up in the large distribution pipe noted above.

As one could imagine, with 3 million+ miles of pipeline, transporting flammable and /or otherwise hazardous materials, is a source of concern. That becomes especially topical when we consider that measurable portions of that network run through populated and in some cases densely populated areas (known in the industry as High Consequence Areas or “HCAs”. As we will demonstrate, the incidence of accidents or other failures across the network are more frequent than we think most may realize. Moreover, given the differing types and corresponding tasks of the various parts of the network, it follows that some of the events or variables that may compromise the system often differ according to the portion of the network being considered, along with other pertinent variables as well (the environment surrounding the pipeline and age of the pipe etc.). Following are some interesting statistics regarding failures.

As Table 2 reflects, according to data from PHMSA and the National Transportation Safety Board (“NTSB”), pipeline incidents occur relatively frequently, and they are collectively expensive. For instance, again referring to Table 2, the Kalamazoo River (Michigan) accident in 2010 spilled over 800,000 gallons of crude oil into the Kalamazoo River ultimately costing \$800 million, making it the most expensive pipeline spill in U.S. history.

Table 2

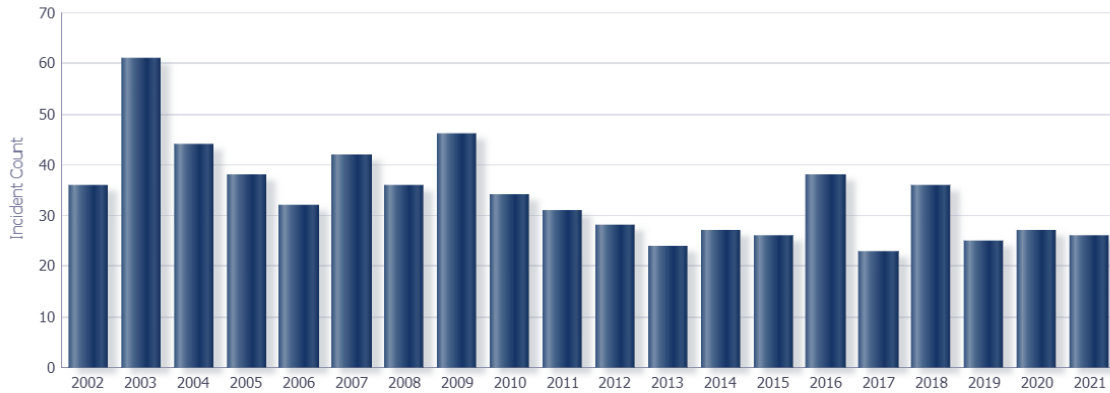


<https://investigativeeconomics.substack.com/p/few-pipeline-incidents-but-plenty>

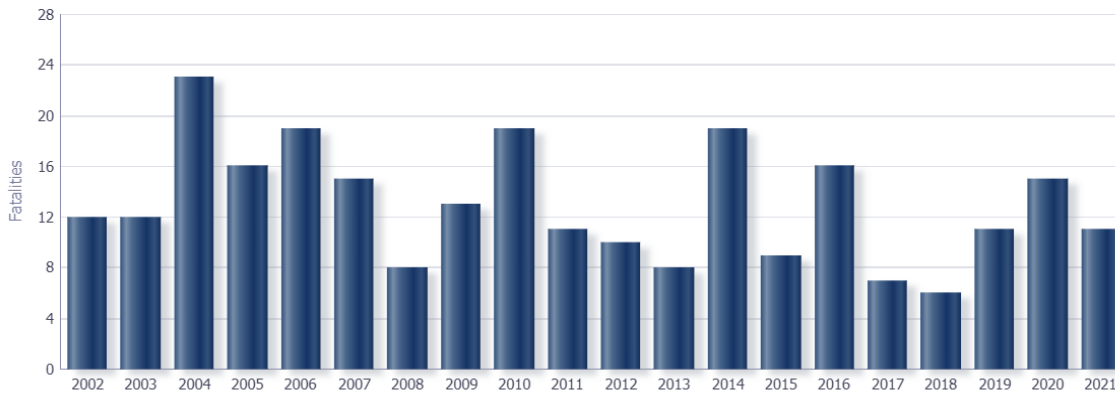
More important than the economic costs, pipeline accidents have also resulted in measurable human suffering and loss of life. The following illustrations from PHMSA provide some of the injury and fatality data associated with pipeline accidents. Keep in mind, these particular tables focus only on “Serious” incidents which PHSMA defines as an accident where there was a fatality or a number of injuries:

Table 3

PHMSA Pipeline Incidents: Count (2002-2021)
Incident Type: Serious System Type: (All Column Values) State: (All Column Values)



PHMSA Pipeline Incidents: Fatalities (2002-2021)
Incident Type: Serious System Type: (All Column Values) State: (All Column Values)



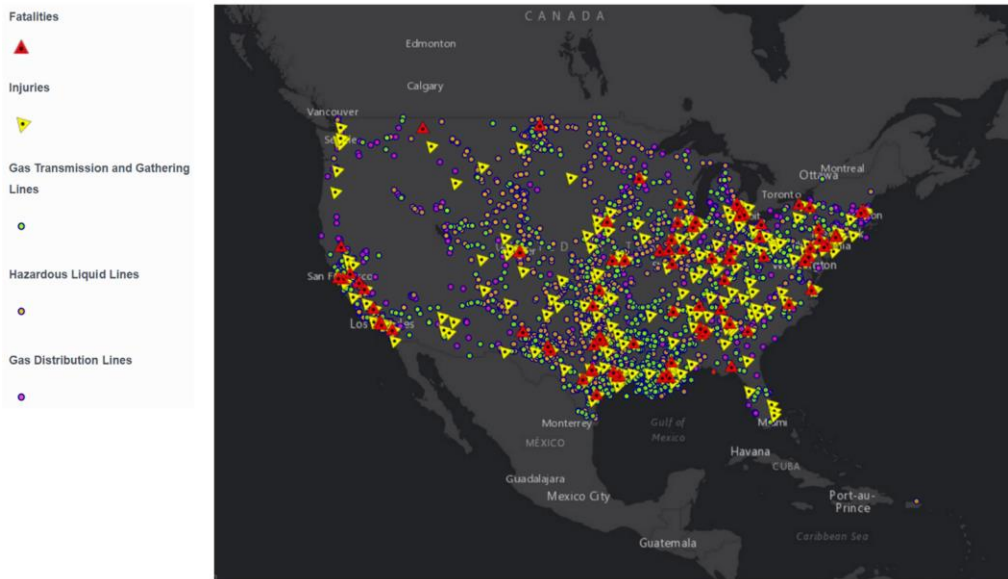
PHMSA Pipeline Incidents: Injuries (2002-2021)
Incident Type: Serious System Type: (All Column Values) State: (All Column Values)



Given the considerable human and economic loss associated with pipeline incidents, it is appropriate that these accidents be recorded and evaluated as to cause, so that government and industry can develop processes and systems to mitigate and avoid future events. In that regard, **Table 4** below reflects the visual reality of

the extent of these events, as well as the diversity of accidents along the different pipeline types we discussed above:

Table 4



This map shows pipeline incidents in the US from 1/1/2010 through 11/14/2018. Source: PHMSA.

([Pipeline Incidents Continue to Impact Residents | FracTracker Alliance](#))

To edify, aside from injury and fatality data, PHMSA also collects other information that delineates the types of gas lines that are compromised as well as information regarding what causes the incidents. That information also provides some interesting data points, that we think are topical to OneSoft.

Table 5

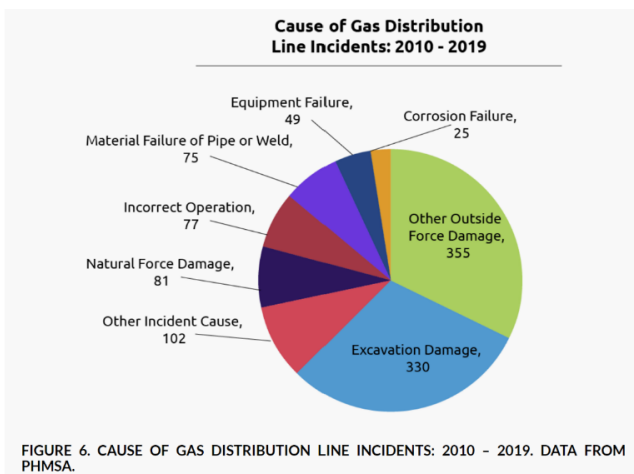


FIGURE 6. CAUSE OF GAS DISTRIBUTION LINE INCIDENTS: 2010 - 2019. DATA FROM PHMSA.

<https://www.fractracker.org/2020/02/pipelines-continue-to-catch-fire-and-explode/>

Table 6

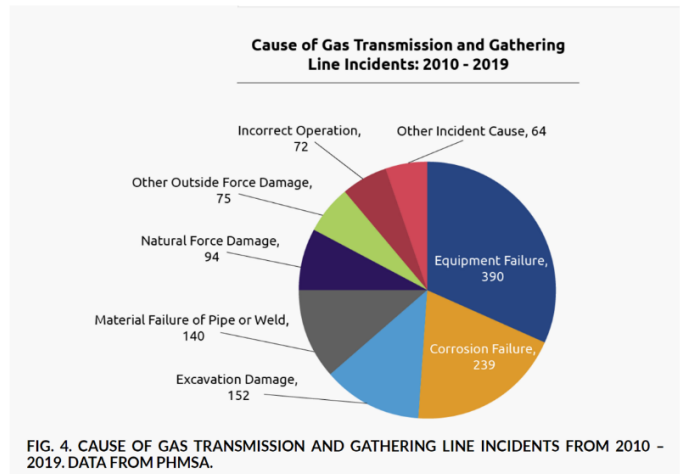


FIG. 4. CAUSE OF GAS TRANSMISSION AND GATHERING LINE INCIDENTS FROM 2010 - 2019. DATA FROM PHMSA.

<https://www.fractracker.org/2020/02/pipelines-continue-to-catch-fire-and-explode/>

Table 5 and **Table 6** reflect the determined causes of past pipeline incidents. Notice, **Table 5** illustrates incidents from Gas *Distribution* Lines, while **Table 6** shows incidents from Gas *Transmission* Lines. As we described above, these two types of lines differ in that distribution lines tend to be smaller “last miles” type

of lines, whereas transmission lines tend to be long-haul large volume pipes. As such, while excavation damage is the most often cited cause of pipeline incidents, which is likely true across the entire network, *for large transmission lines* the more common causes are corrosion, equipment failure and/or material failure. In fact, in **Table 6** those three variables collectively are implicated in over 60% of the transmission line incidents noted above. We think that is topical because, while OneSoft’s solutions will not stop a homeowner from breaking the gas line to their home while putting in a new swimming pool, it may prevent the type of spill noted above (the Kalamazoo River spill) which we believe was ultimately settled by the Canadian pipeline operator Enbridge, Inc. for \$177 million. Considering the noted frequency as well as the catastrophic costs associated with pipeline incidents (especially in large transmission lines), we think the value of solutions like OneSoft are clear. That brings us to an additional point.

Table 7 reflects another surprising characteristic of the current pipeline infrastructure. As the chart suggests, there is a considerable portion of the oil and gas pipeline infrastructure that is quite old. Again, while pipeline failures have a variety of causes, so the age of the pipeline may or may not have something to do with a particular incident, certainly some of those causes, corrosion for instance, is generally more likely in older pipes than in newer pipes.

While the age of the pipeline network provides concerns with respect to its overall safety profile, it begs the question, “why not replace it with newer pipe”? Of course, the answer to that involves multiple factors. One is the current lack of social license to get authority to build new pipelines, as shown by the shutdown of the Keystone pipeline project in 2020. Another factor is cost. While the cost of installing new pipelines is a function of several topical variables (pipe size, location, terrain, permitting, right-of-way etc.) those costs are significant. For instance, “*the Oil and Gas Journal compiled the data submitted to FERC and found that the cost of running a mile of onshore pipeline between 2015 and 2016 was \$7.65 million per mile*”. [What Does Natural Gas Pipeline Construction Cost per Mile – Hanging H Industry Articles \(hanginghco.com\)](https://www.hanginghco.com/industry-articles/what-does-natural-gas-pipeline-construction-cost-per-mile/). Our point here is that there is considerable cost associated with laying new (replacing old pipelines) so maintaining the existing lines is an important endeavor for infrastructure operators. The following is some narrative regarding some of the approaches operators take to monitor/maintain their lines, as well as some additional color on how OneSoft helps them do that.

Today, the pipeline industry utilizes several technologies/approaches to monitor and maintain pipelines and one of the more prevalent of these technologies is referred to as a pipeline inspection gauge, or more affectionately, a “PIG”. OneSoft’s collateral describes a PIG as “*a device that is fitted with sensors to detect features (valves, girth welds, etc.) and anomalies (e.g., corrosion and other pipe wall loss conditions) as it travels down the pipeline, usually propelled by the product in the pipeline. Data captured between the launch and receive valves is stored during the PIG run and subsequently retrieved for analysis and comparison to data captured in prior PIG run(s) on the same pipeline segment.*” The Company notes that there are more than 50 PIG vendors that provide various measuring technologies such as magnetic flux leakage (“MFL”) and ultrasonic (“UT”). There are a variety of PIGS used in the industry, each with a specific/different function. For instance, some PIGS are used to clean, scrape and clear pipelines of accumulated debris that obstruct the

Table 7

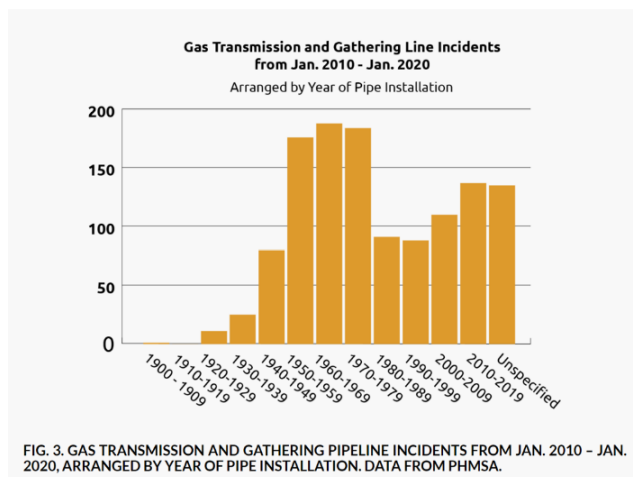


FIG. 3. GAS TRANSMISSION AND GATHERING PIPELINE INCIDENTS FROM JAN. 2010 - JAN. 2020. ARRANGED BY YEAR OF PIPE INSTALLATION. DATA FROM PHMSA.

<https://www.fractracker.org/2020/02/pipelines-continue-to-catch-fire-and-explode/>

Table 8



<https://nigen.com/how-to-pig-a-pipeline-gas-pipeline-pigging-procedure/>

flow of oil or gas. However, OneSoft’s technology generally incorporates inspection PIG data. Per NiGen International, “inspection pigs, also called “smart pigs,” are used for inspecting internal sections of oil and gas pipelines ahead of remedial activities. They contain electronic components such as ultrasonic sensors, RF modules, and pig gauge plates, and can measure parameters such as diameter, curvature, thickness,

pressure, metal loss, and temperature. Newer inspection pigs can detect issues in pipelines such as leaks, cracks, wax deposition, and corrosion with a high degree of accuracy”.

The above noted, OneSoft is not an inspection company. Rather, the Company’s platform helps inspection companies and/or network owners to better gather, compile, normalize, align and interpret the data that is provided by PIG inspections as well as other inspection techniques. While we will cover this in more detail in the Products/Technology Overview of this report, a bit of color regarding the industry’s legacy approach to gathering, compiling and interpreting data may be beneficial. We will defer to the Company’s narrative regarding where their technology fits relative to the industry’s legacy approach(s).

“...Management believes their flagship ILI module (CIM) is revolutionary when compared with legacy processes currently used, which require extensive manual work performed by highly trained subject matter experts (“SME”). Legacy ILI data matching typically requires multiple weeks for highly trained engineers or consultants using Excel spreadsheets to align and analyze only a subset of data from two ILI data sets (i.e., the most current and next most current ILI datasets) and thereafter apply that sample analysis to extrapolate predictions for the remainder of the pipe being analyzed”.

Typical costs for consultants to perform this task with legacy systems vary between US \$5,000 and \$8,000 to match two ILI data sets, depending upon the volume of data that is aligned and matched. By comparison, CIM ILI Management automatically ingests and align 100% of the data, for any number of ILI datasets, in only minutes or hours (depending upon the volume of historic data being analyzed), essentially by dragging and dropping the ILI data files onto CIM and pressing a key to start the process. In addition to significant time and cost savings, CIM analytics to assess pipe conditions are greatly improved by using 100% of the data collected over time, compared to extrapolating results from only sample data points from two ILI data sets”.

Adding to the above, “United States law requires that operators establish inspection intervals not to exceed five years for any pipeline that could affect a ‘high-consequence area’. High consequence areas (HCAs) are those that have a large population; are commercially navigable waterways; or contain sensitive habitats. 44 percent of hazardous liquid pipelines are in HCAs. The remaining 56 percent are inspected as often as their PHMSA” approved plans dictate. <https://www.glc.org/wp-content/uploads/GLSLR-Oil-pipeline-inspection-maintenance-report-Sept2017.pdf>. Clearly, for operators, inline inspection is an ongoing/recurring process, which by extension, provides recurring revenue opportunities for their vendors (like OneSoft). For context, PIG vendors do an estimated 6,500 ILI PIG runs collectively each year in the USA.

To edify, aside from PIGs, the industry deploys a myriad of other techniques to test and monitor pipelines to mitigate failure. These approaches include constantly measuring and comparing temperature, pressure, vibration and other variables, and they include technologies such as controllers, sensors, laser/lidar systems geospatial mapping technologies, and a host of others, and they also include basic onsite inspection. Much like the massive amounts of data collected from a PIG run, these sometimes disparate approaches, techniques and technologies also create large amounts of data. As we will delineate, one of the core strengths of OneSoft's CIM Core, is its ability to ingest and normalize large amounts of different data sets for analysis. Another strength is its ability to align various different data sets (e.g., pipe/steel properties, environmental information, corrosion readings, etc.). Recognize, historically one of the problems the industry has had (beyond thoroughly crunching all the data in an efficient and timely manner) is integrating the data from these various "silos" or individual collections of data into a single place where it can be collectively analyzed. CIM Core's ability to automatically align and integrate siloed data at the push of a button results in a key value proposition for CIM users.

To further the point, the process of integrating these silos is complicated by the fact that many of these are collected and compiled by different entities and/or enterprises, each with its own programming, storage and other technological nuances, as well as different nomenclature, organization and others. To reiterate, the Company notes that there are *over 50* PIG vendors, so trying to match/align data from 50 different vendors (one to the next) is considerably complex, and is complicated further by other layers of data that may be collected for additional evaluation (soil, weather, contour etc.). From a practical standpoint, CIM can normalize these different data schemas so that all data can be considered for analysis, effectively standardizing the industry's data interpretation challenges. As we have covered many times in past research being a major part of an industry standard is typically an enviable place to be.

To summarize this Industry Overview, as the world has been reminded of over much of the past year, energy prices matter and fossil fuels, as much as some may not want to accept or admit it, are the cornerstone of the world's energy supply. We do not think that is changing anytime soon, and as such, the industry and infrastructure that support that supply will remain highly topical. On the other hand, despite their critical nature, scrutiny around the environmental impact of fossils fuels, which includes not only their consumption, but also the processes and infrastructure that deliver them, will also likely continue to grow. From the 10,000-foot view, OneSoft is in the business of helping making energy infrastructure safer, for both those who live and work around that infrastructure and for the environment around it as well. We think that scenario presents considerable opportunity for OneSoft.

From another perspective, while in our view, the importance of the existing energy infrastructure is clear, we submit that much of it is old (and getting older) and the economic, social and political challenges associated with building new infrastructure are prohibitive. We believe that dynamic increases the need for monitoring/maintaining the existing infrastructure, which again, in our view, provides opportunity for OneSoft.

The above said, while it is certainly favorable for any company to have macro winds at its back, they still must be able to provide and execute on a comparatively favorable value proposition. As we discussed above, OneSoft believes that its solution offers considerable value relative to legacy manual systems. Moreover, as we will discuss further in this report, we think the Company's Fortune 50 (and growing) customer base validates that view.

Before we conclude the Industry Overview, we would add a final notion that we think requires some clarity. We provided data above that highlights the frequency and the resulting costs associated with pipeline incidents. However, it is important to note that while the energy transport industry and the government agencies that oversee it strive to reduce those incidents, they will likely continue to occur on some level. In

that regard, it is notable that OneSoft’s first customer, Phillips 66, who is the Company’s longest CIM user, received the American Petroleum Institute’s Distinguished Pipeline Safety Award for the past two years for operating with zero pipeline failures. (More on that later in this report).

That said, it is important to recognize that while pipeline incidents happen, and some have the potential to be catastrophic, pipelines are statistically far safer than rail and/or truck transport by several magnitudes. For instance, a study by the Manhattan Institute concluded that *“transportation of oil and gas by pipelines results in fewer spillage incidents and injuries than road and rail and noted that “Americans are more likely to get struck by lightning than to be killed in a pipeline accident.”* More specifically, *“Transportation by road was found to have the highest incident rate (at 19.95 per billion-ton miles per year), followed by rail at 2.08, natural gas pipelines at 0.89, and hazardous liquid pipelines at 0.58. The study concluded: “The evidence is clear: transporting oil and natural gas by pipelines is safe. Furthermore, pipeline transportation is safer than transportation by road, rail, or barge, as measured by incidents, injuries, and fatalities – even though more road and rail incidents go unreported.”* [How do pipelines like Line 3 compare to other ways of transporting oil in terms of safety and efficiency? - Minnesotans for Line 3 - Support Replacement of the Line 3 Pipeline](#). As a result, we think it is reasonable to suggest that given the landscape, as well as other transport alternatives, OneSoft’s addressable market of pipelines to service may be more likely to grow than contract, and we certainly do not believe they will cede market share to truck or rail.

Another important consideration is that when fossil fuel energy does start to decline at some point in the future, at least some of the existing pipeline infrastructure will likely be re-purposed to accommodate hydrogen and other new energy sources. That is, pipelines will still need to be maintained into the foreseeable future.

Products/Technology Overview

Before we delve into the Company’s platform/product(s) offering, a bit of history into the genesis and evolution of the technology may be helpful. (We submit, a considerable portion of this narrative is excerpted from *company collateral* and some of it is reiterated from above).

The Company has been public since 1997, and in that capacity has operated largely in the software/technology space. Some of those prior business iterations included cloud-based functionality and the Company parlayed that knowledge into the 2015 acquisition of Bridge Solutions Inc. (“Bridge”), a private Alberta company. As the Company’s filings note: *“Bridge had developed technology that assisted pipeline operators in optimizing their infrastructure management and in identifying potential threats to a pipeline’s integrity. OneSoft, through OneBridge Solutions Canada Inc., acquired all rights, title and interest in and to the Bridge intellectual properties”*. Obviously, this was the genesis of the Company’s current operating business, which we would add, is still conducted under the OneBridge Solutions brand.

Following the acquisition by OneSoft, *“in December 2015 OneBridge was selected by Microsoft Accelerator, as one of nine companies from 721 applicants from 50 countries, to participate in Microsoft’s first Accelerator program to focus on Machine Learning, Data Sciences and Big Data. Accelerator took place in Seattle from February 2016 to June 2016, wherein OSS fast-tracked the design and development of its products. Microsoft’s decision to support the OneBridge project has been highly valuable to date and has included collaboration with Microsoft’s Oil and Gas sales field teams, who have introduced us to enterprise level prospective customers of which some are now our customers. OneSoft’s technological strategy is closely*

aligned with Microsoft, as OneSoft's management believes that Microsoft's action to promote its cloud platform as the global cloud platform of choice will have a significant influence on its future success".

"OneBridge's status as Microsoft Accelerator alumni allows us the use of Microsoft's world-wide sales and marketing facilities and resources and includes a continuing collaboration on sales and marketing initiatives with Microsoft's specialized teams who sell to oil and gas pipeline customers. Our initial sales meetings with large prospective clients generally include Microsoft personnel who present the value proposition and confidentiality protections of the Microsoft cloud, which is highly important given the industry's prevailing attitudes on maximum secrecy and protection of their data. Microsoft is motivated to contribute resources and expertise because successful deployment of OneBridge's solutions has driven consumption of Microsoft's cloud platform and services and increased their cloud-based revenues, particularly in the oil and gas sector".

We think the Microsoft arrangement is important on a handful of levels. To edify, OneSoft has been public for 25 years and throughout that time they have developed and sold various software solutions (and companies). Looking back through that history, the Company has typically aligned itself and its offerings with Microsoft and Microsoft's enterprise solutions. For instance, their **Fiscal 2013** yearend filing (ended February 28, 2013) notes: *The Company's "business model has historically been closely aligned with and an integral part of Microsoft's global eco-system of ERP reseller partners and service providers. Management believes that the Company's go-forward strategies should continue to align with Microsoft's in order to maximize our opportunities by leveraging Microsoft's global credibility and market presence within businesses".*

Advancing the notion, OneSoft's prior iterations incorporated cloud-based functionality into their offering(s) early on for a small enterprise. That is, we think they were ahead of the curve in terms of cloud computing. For reference, Microsoft's cloud service called Azure, was formally released in 2010. In the same 2013 filing referenced above, OneSoft (which was called Serenic at the time), provided narrative regarding their own cloud-based initiatives, which again were developed around Microsoft's initiatives, which in this case was Azure. Here is some of that narrative from 2013: *"Serenic's Navigator and HCM products for SMB have been undergoing re-development during the past few years in anticipation of the imminent paradigm shift to Microsoft's cloud-based technology and are essentially ready for deployment on the Azure platform, Microsoft's new global software hosting program that was released to market in April 2013. As we progress through the adoption of GR2R, Serenic's products will be modified to simplify demonstration and sales processes and to promote rapid deployment of our solutions for the cloud and volume models".*

Our point here is that OneSoft has a long-established relationship with MicroSoft and its solutions, and along those same lines, has been providing its customers with cloud-based services for nearly a decade. We think that deep domain knowledge of the technology has provided them a leg up in the pipeline monitoring space. Further, clearly their relationship with Microsoft goes beyond technical support. As they note above Microsoft has been instrumental in helping them launch into the pipeline industry, which we think included OneSoft's success within the Microsoft Accelerator, and it appears that Microsoft remains engaged in the sales process. To be frank, we do not know how to value this arrangement, but we think it is clearly a competitive advantage for the Company vis-à-vis potential competitors. In our view, the Company's early adopter posture with "the cloud", as well as its relationship with Microsoft provides support for the Company's view that their technology is "revolutionary" and may represent a "New Market Category". That brings us to our next point regarding the technology platform.

We must admit, when we were first introduced to the OneSoft story and were told that the current process of evaluating the data collected by PIG inspections were ultimately compiled and analyzed **manually**, we were surprised. On the other hand, we also recognize that in many cases, these inspections include massive amounts of data, which in the end, may necessitate cloud-based solutions. Moreover, that notion is probably

enhanced by layering on other computation heavy applications like machine learning and AI. To that end, consider this.

In 2016, the Company began working with Phillips 66 (“Phillips”) (NYSE:PSX) to develop what would eventually become their flagship module for the inline inspection of pipelines (“ILI”). At the time Phillips was looking for a solution that would allow them to migrate their in-house data to the cloud. That collaboration ultimately led to Phillips uploading 10,000 miles of historic pipeline data and that arrangement provided OneSoft with its first major customer and its first meaningful revenues. As a result of their collective progress, in 2018, Phillips 66 signed a technology license and joint development agreement. Anecdotally, as we understand it, Phillips 66 spent 15 years and over \$50 million trying to create what their collaboration with OneSoft was able to achieve.

Again, that collaboration provided OneSoft with its first commercial module, now referred to as ILI Management. Below is some narrative from Company filings addressing ILI as well as some of the subsequent modules they have developed/are developing:

- (Denotes Product in Commercialization)
 - (Denotes Product in Development)
- ***ILI Management*** is the Company’s first software module developed that automatically normalizes (irrespective of the multiple data schemas used by different ILI vendors over decades), ingests, aligns and analyzes pipeline in-line inspection (ILI) data files using data science and proprietary machine learning algorithms.

(While the Company has traditionally referred to the ILI module in a separate context, it ultimately evolved into what today is known as CIM Core, which to date has been responsible for all of the Company’s revenues).

- ***CIM Core*** is the Company’s second software module that addresses the core operational logistics and regulatory compliance functions that pipeline operators need to perform to operate their pipelines. CIM Core functionality includes ILI Management; Assessment Planning; Dig Management (including selection of PIG vendor and management of excavations, inspections and repairs); Threat Monitoring; GIS Data Correlation; Logistical System and Process Management Systems; and extensive Reporting and Data Visualization functions.

CIM Core’s capability to store and align disparate data allows holistic integration of departmental operations and enables capability to query big data for unique relationships. For example, a user can identify all instances where a crack and a dent near a girth-weld exist on pipelines situated within high consequence areas which encompasses ILI, pipe properties, map and regulatory data by querying a single database, rather than combing through siloed, un-aligned and unconnected data sets.

Mandatory regulatory compliance requirements call for certain highly complex data relationship assessments. Garnering input from early adopter clients, CIM Core now contains algorithms and queries that can detect and report on nearly 300 pipeline threats and excavation criteria, inclusive of both regulatory and operator best practices. CIM features revolutionary Pattern Detection and Interacting Threats algorithms to detect and report on threats to the pipeline’s integrity. CIM was designed to ingest inline inspection (“ILI”) pipeline data using a simple “drag and drop” routine

after which the data is normalized, anomalies are aligned to prior ILI data sets, and predictive analytics calculates anomaly growth rates, resulting in detection of threats to pipelines. CIM provides advanced business intelligence, intuitive graphical presentations, dashboard reporting and natural data query language capability that enables operators to manage their pipeline infrastructure with more efficiency than legacy systems and processes that do not utilize cloud computing.

- **CIM Platform** is the data hub structure that evolved from CIM ILI and CIM Core modules, wherein data ingestion, normalization and analytics capabilities were enhanced to process the various additional data sets that pipeline operators use to perform other aspects of pipeline asset and operational management. The architecture of the CIM Platform was initially determined using “frog” design software concepts introduced during our collaborative work with Microsoft at Accelerator in 2016 and optimized to leverage big data management and analytics using machine learning and cloud computing. Management believes that our approach uniquely differentiates OneSoft from other O&G software vendors, who still perpetuate legacy software development methodologies that favor stand-alone modules destined to operate in siloed fashion, without capability to deliver CIM-type benefits. Although it is foundational to the Company’s other CIM modules, the CIM Platform has not yet been commercialized for revenue generation.
- **Corrosion Management** is the Company’s software module currently under development to address internal and external corrosion, with data management and analytics for corrosion coupons, sampling, pigging, transported material flow velocity and flow mode, chemical usage and external pipeline corrosion caused by elements in the atmosphere and surrounding environment. Corrosion Management data is correlated to ILI data to monitor trends, forecast chemical spend and pipeline forecasted life to determine overall corrosion mitigation effectiveness. When completed, this module will be marketed using the Consumption Economics model.
- **Crack Management** is the Company’s software module currently under development to assist pipeline operators with data analytics concerning integrity and threat management associated with pipeline cracks, generally in accordance with recommended operating practices pursuant to API RP 1176 and both US and Canadian regulations. When completed, this module will be marketed using the Consumption Economics model.
- **Risk Management** is the Company’s quantitative risk software module currently under development. Risk Management embeds C-FER Technologies’ nine probabilistic threat models into CIM (External Corrosion; Internal Corrosion; Stress Corrosion Cracking; Manufacturing-Related Defects; Welding/Fabrication Defects; Equipment; Third Party / Mechanical Damage; Weather & Outside Force; and Incorrect Operation) which collectively address pipeline operations regulation ASME B31.8S. When completed, this module will be marketed using the Consumption Economics model.
- **Geohazard Management** is the software module currently being researched in the Company’s Innovation Lab to assess seismic, earth movement, soil and water factors that contribute to potential pipeline strain and failures. The Company has not yet committed to develop and commercialize Geohazard Management, pending further technical and market due diligence that is currently ongoing. If it is completed, this module will be marketed using the Consumption Economics model.

As the narrative above reflects, the Company spent some time developing the original application/module (ILI) and that included the collaboration with Phillips 66. In retrospect, that was in our view, one of those

“watershed events” we sometimes reference, as it provided OneSoft with a large chunk of historic data collected from Phillip’s “*comprehensive Oracle-based, on-premise computing solution*” that OneSoft was able to upload to their cloud based alternative and back test against the conclusions of Phillip’s internal system. That opportunity proved both fortuitous and fruitful for OneSoft, as the results were highly favorable (from OneSoft’s F2020 filings):

*During the course of the private preview program, Phillips 66 provided 845 inline inspection data files stored in various formats collected between 1993 and 2016, representing approximately 300 segments totaling 9,700 miles of pipeline, along with “truth” data as determined by Phillips 66 using their conventional manual processes. This truth data served as a benchmark for comparison and validation of the data analyses performed by CIM. Using Machine Learning technology, CIM automatically ingested and normalized the data, which logged 8.8 million features, with a high alignment success rate and at a speed that greatly exceeded standard manual times. **The entire process of data ingestion, normalization and alignment of data for such a project typically takes under 2 hours using CIM, as compared to more than 10 work weeks of effort using conventional manual processes. Additionally, while manual processes typically address less than 5% of the pipeline data, CIM analyzes 100% of the data, thus provides capability for operators to manage their pipeline assets as smart infrastructure.***

To reiterate, we believe the Phillips collaboration was a watershed event for OneSoft on multiple levels. Most obviously, it provided them with a major reference customer and an “early adopter”. To that end, we do not always see “early adopters” being large industry players. Beyond that, we think the collaboration has provided several data points that illuminate the Company’s value proposition. Here are a few of the more topical in our view.

As we alluded to above, OneSoft was early in terms of developing cloud-based functionality into and/or as a part of its platform. The Company’s collateral suggests, and we tend to concur, that their native “born-in-the-cloud” origin helps the Company avoid the problems of having to modify and/or migrate applications to the cloud. We think that posture provides OneSoft clear advantages over legacy technology (inhouse or otherwise) that may be trying to figure out how move to the cloud. We suspect that notion may have played a considerable role in Phillip’s decision to engage OneSoft in the first place. Moreover, as we also suggested above, utilizing the cloud is probably paramount when it comes to tasks that involve large amounts of data coupled with AI and Machine Learning functions attempting to digest, interpret and rationalize that data. That leads to the next value driver.

We believe it is important to understand some of the minutia of the Phillips collaboration because we think it helps illuminate some of the value of the platform. For instance, one of the things OneSoft was able to demonstrate was the value of being able to evaluate multiple data sets at the same time. Recall, the legacy approach is to take newly gathered PIG data and compare it to the *next most recent* data set of the same pipeline segment. That approach enables operators to measure specific changes in the pipe from one period to the next, to look for changes that might indicate potential failures based on those changes. If measuring the change in the pipeline is the goal, it makes sense that analyzing that change over several periods of time could be considerably more accurate than measuring the change between just two chronological data points.

While using smart PIGs is the current standard, and we assume that technology is continually evolving and improving, the fact is, that data collection is not perfect. Variables like the alignment of the PIG inside the pipeline can complicate the comparison of data (from one collection period to the next). With just two data points to compare, the noise of those variables (differing alignments for instance) can be difficult to identify. Again, comparing more data points over time can help identify some of those variables that may compromise the data collection. As a result, comparing just two data points (as opposed to several) may lead operators to conclude that there are problems where there are not (a “false positive”) leading to excavation or other repair

efforts that end up being unnecessary. On the flip side, they may also lead operators to conclude that there are not problems where there in fact are (a “false negative”), which may lead to the failure they are trying to avoid in the first place. Clearly, avoiding each of these scenarios is paramount both in terms of avoiding costs and avoiding catastrophe and the ability to analyze multiple data points collected over several periods significantly improves that process. Moreover, data collected/compared from multiple data points, allows for and improves the accuracy of the use of AI and machine learning technology to predict potential (future) failure. The Company’s filings describe this more succinctly than we can:

Another significant advantage of pit-to-pit alignment of anomalies over multiple historic ILI runs is that an individual over-called or under-called wall loss anomaly is better able to be interpreted within the context of that anomaly’s entire history, rather than just between the last two data sets. For example, if an anomaly is under-called (e.g., at 5% wall loss) or even missed altogether in a prior ILI run and then called at 40% wall loss in the current run, this will likely be interpreted as an unusually fast area of corrosion growth and instigate an excavation inspection and repair effort. If, on the other hand, multiple historic data sets are included in the analysis, the under-called or over-called or un-called (missed completely) anomaly can be recognized as a tool error call when considered in the context of all the data that has been gathered.

In addition to being able to evaluate enormous amounts of data from multiple points in time, OneSoft has also been able to demonstrate their platform’s predictive abilities relative to other industry predictive methodologies, to both delineate relative weaknesses in those methodologies as well as demonstrate CIM’s ability to provide better predictive conclusions. To that end, the Company’s filings contain case studies that address some of the above. These studies can be found at: <https://sec.report/otc/financial-report/275388> . We would encourage people to review the case studies but for the sake of brevity, we have paraphrased the results of these studies and presented a few highlights.

- ❖ *In Case Study #1, “...CIM detected a fast-growing threat due to rapidly deteriorating pipe coating damaged by a suspected lightning strike. This anomaly would be missed using the 6 millimeter and half-life methodologies, even though by design, they are conservative methodologies for prediction of future failures...”.*
- ❖ *In Case Study #2 “CIM profiled a 30-year-old pipeline routed through areas wherein repair excavations are very costly. The study determined that decisions driven by 100% pit-to-pit analysis again greatly reduced the incidence of unproductive digs and associated maintenance costs (i.e., upon excavation and inspection the anticipated repair was not required). In this situation, the ILI vendor’s RunCom recommended an ILI tool re-run every 3 years (which would result in additional estimated costs of \$1.5 million), essentially limiting maintenance and associated cost forecasts to 3 years...”.*
- ❖ *In Case Study #3 “...CIM surfaced an issue that was related to the construction process and likely would not have become actionable until well beyond the lapsing of liability of the parties involved in the construction of the pipeline. In this case, CIM displayed in pipe view the low-level corrosion in a spiral pattern that unmistakably corresponded to the spiral welds of the pipe. The significance is that neither the operator nor the ILI vendor were able to identify these anomalies as a threat or a construction deficiency, as the low-level anomaly data that was considered as inconsequential...”.*

To summarize the above, these case studies collectively demonstrate some of the efficacy of CIM Core to identify potential pipeline failures before they occur, as well as to help prevent unnecessary excavations to repair problems that end up not being problems at all. Succinctly, as we illustrated above with some of the statistics regarding both the economic costs and the human fatalities associated with pipeline failures, we can all understand the importance of identifying and fixing compromised pipelines before they fail and become potentially catastrophic. However, from another perspective, improving that “dig-to-repair” ratio (the incidence of excavations that turn out to be unnecessary), also provides a considerable incentive for operators to adopt CIM functionality. For perspective, in developing their own analysis of potential cost savings related to reducing dig-to-repair ratios, the Company assumes excavation costs of \$30,000 per occurrence. While that may be applicable to a pipeline running through a pasture in Wyoming, if that same excavation is done in a major metropolitan corridor, that cost could be 50 times greater. While it may be difficult to assign a value to mitigating a catastrophic failure, especially if it involves the loss of human life, computing the cost savings associated with avoiding unnecessary excavation is quite objective. We believe the recognition of that portion of the value proposition is one element to the story that is beginning to drive adoption of CIM by major players in the space. While we are hesitant to use the phrase, being able to demonstrate/identify dig-to-repair improvement makes the value proposition of CIM Core a “no-brainer”.

As illustrated in the bullet points above, the Company currently has several additional modules in development that they will be releasing in the coming periods. For instance, the Corrosion Management Module” was released in June (2022) and the Company believes it will start to derive Corrosion Module Revenues in the current year. As we understand it, at least some of these modules were conceived from feedback the Company was receiving from CIM customers regarding some of their challenges and pain points, so ostensibly, we expect them to have customers as these are released. In short, we think new modules will represent new (recurring) revenue streams that can be sold into the existing customer base, which we think will prove to be a much shorter and more visible sales cycle than they have experienced in the past. Moreover, these modules may also attract new customers who may be initially looking for solutions to solve those specific challenges.

Regarding new modules, we think it is important to point out something we alluded to above in the Industry Overview. This report focuses largely on PIG data and OneSoft’s ability to align and interpret it. The Company’s collateral and other discussions tends to focus on the same. As noted, the copious amounts of data provided by PIG technologies and the largely manual approaches the industry has taken to comparing it, made this portion of the pipeline monitoring industry particularly applicable to OneSoft’s solution(s). However, to reiterate, there are large silos of data, collected via various means, measuring a variety of variables collected by operators and many others that collectively can provide considerable valuable information to pipeline operators, if they can compute, align, and interpret that data. However, aggregating that data is not something the industry has been able to accomplish. As we have said, that is the strength of CIM Core and it is also the basis for the new modules the Company is developing. In general, the new modules the Company is developing (has developed) are aimed at addressing some of the major types of that siloed industry data, and as **Table 11** will illustrate, should considerably increase the Company’s addressable markets beyond the initial ILI/ML market they are currently pursuing.

While we discussed the Company’s major flagship customer Phillips 66, they have also managed to attract several other high-profile customers. **Table 9** below reflects the Company’s customer list from its most recent presentation (June 2022).

In addition, on August 16, 2022, the Company announced that *“a Fortune 50 oil and gas industry leader entered into a multi-year agreement with OneSoft’s wholly owned subsidiary, OneBridge Solutions Inc. to adopt Cognitive Integrity Management™ (“CIM”) platform and software-as-a-service products for its*

pipeline integrity management. The Client is an international refiner and marketer of transportation fuels and petrochemical products and operates numerous ethanol, renewable diesel plants and petroleum refineries situated in the U.S. and other countries. The Client is recognized for its industry leadership regarding low-carbon fuel production and advancing safety, ESG and philanthropic initiatives as part of its management strategies to benefit stakeholders and the communities in which it operates”.

Further, on August 23, 2022 they announced that “another Fortune 50 company entered into a multi-year agreement with OneSoft’s wholly owned subsidiary, OneBridge Solutions Inc. to adopt Cognitive Integrity Management™ (“CIM”) platform and software-as-a-service products for management of its pipeline assets.

Headquartered in the U.S.A., the Client is one of the global oil and gas industry leaders and conducts business in the U.S. A. and various other countries. The Client is recognized for its industry leadership and operational excellence as a result of its adoption of innovative new technologies and focus on advancing ESG initiatives. Adoption of CIM supports the Client’s digital transformation strategy by leveraging machine learning and data science and enhances decision making through comprehensive data management and predictive analytics capabilities. Following a comprehensive RFP and production trial process during the past year, the Client intends to onboard full capability of the CIM platform, including Corrosion, Crack and Risk Management modules for use by its business units globally”.

Table 9



These two new customers are missing from **Table 9** as they were announced after this table was constructed in June (2022), but from the descriptions of the customers, these are clearly major wins for OneSoft/OneBridge, and in our view support one of the legs of our thesis, which is that OneSoft’s CIM Core is garnering adoption by large industry players. However, we think the announcements provide some additional positive color. For example, the announcements note that these deals were completed “following

a comprehensive RFP and production trial process during the past year". That tells us something about the lengthy sales cycle, which we think is beginning to shrink as major adopters provide valuable validation to other potential customers. We also learned that *"the Client intends to onboard full capability of the CIM platform, including Corrosion, Crack and Risk Management modules for use by its business units globally"*. This provides some cover for our notion that the coming module additions should provide new revenue legs as they upsell the existing (expanding) CIM Core customer base. As we noted, Corrosion Management was rolled out in June, and while we are not aware of any official release dates for other modules, this announcement leads us to believe that others are not far behind. We also think this may provide some visibility in terms of the potential sell through of these modules as they become available.

Beyond the goal of trying to turn the operators/owners of roughly 660,000 miles of "PIGable" pipeline across the U.S., into CIM Core customers, and then ultimately selling them additional modules along the way, we think it is important to point out that the Company has its sights set on other markets as well. For instance, in the Operating Overview, we spent a bit of time on the Total Addressable Market(s) ("TAM") as the Company sees it/them. That analysis implies the development of modules that may be applicable to other portions of the pipeline infrastructure that while not monitored by PIG applications, do collect and monitor data by other means that could potentially be better evaluated through CIM Core and associated modules. Additionally, we believe they currently have evaluations going on in international markets, and in our view, are likely to lead to international revenues. Further, while we are not attempting to model *these* opportunities, the Company has noted that they have done some development work in water/wastewater applications, which could represent additional (perhaps even larger) opportunities in the future.

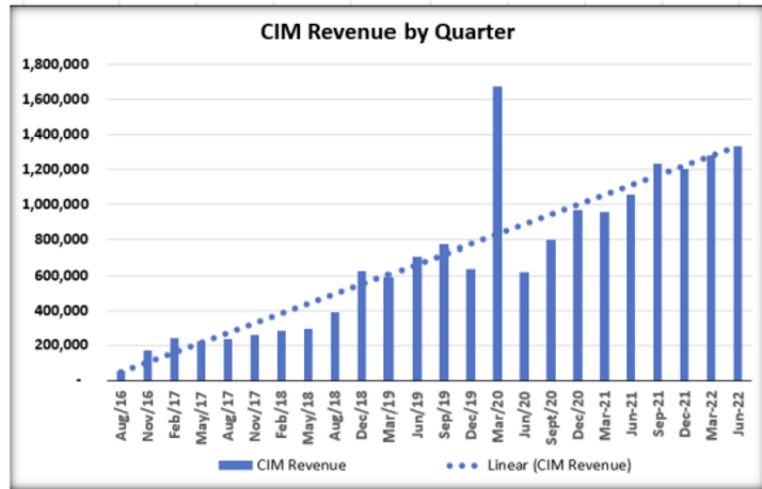
Lastly, while focusing first on the PIGable market, the Company has clearly also aimed its initial effort at the market's largest players. That should not surprise anyone. However, the Company is also developing a web application that will allow smaller operators access to CIM Core and to analyze single logs without a subscription. In this case, the user will pay a fee (approximately \$5,000) for the processing of each log, which while more expensive on a relative basis than a subscription, should be considerably cheaper than manual legacy alternatives. The Company suggests that there are *"1800 small operators with less than 1,000 miles of pipe"* who can benefit from CIM Core but may not have the scale to afford a typical subscription. The Company's analysis suggests there are 6,500 PIG runs done in the U.S. every year that may be suited to this approach, which equates to potential annual revenue of \$30 million by itself.

In short, for the foreseeable future, we think the Company has its hands full trying to aggregate the domestic PIGable oil and gas pipeline market(s) and we are confident that if they are successful in that regard, the Company will garner considerably better valuations. However, aside from them upselling *that* customer base with new modules, there are clearly other international markets, as well as other domestic and perhaps international verticals that could provide additional opportunities and valuation legs for OneSoft.

Projected Operating Overview

We believe OneSoft is beginning to establish momentum in the business, and we think that view is supported by the trajectory of their revenues over the past several periods. In addition, it appears that they are also seeing acceleration in the adoption of CIM Core by “A-List” customers as evidenced by the two releases we referenced above. We suspect, like the customers addressed in these releases, there are likely other notable operators in various evaluation stages of CIM Core and like these two customers, we believe they will continue to convert at least some of those evaluators into customers. Clearly, the rate at which they can make those conversions as well as attract other RFPs from new operators, will determine the forward trajectory of the revenue chart above.

Table 10



The Company notes in its filings that to date it has experienced negligible churn in its customer base. However, given the technical nature of the product and the long evaluation periods associated with adoption, we would expect the business to be sticky. By the way, we think that bodes well in terms of discouraging potential competitors as well. As a result, we expect much of the revenue to be recurring in nature. Recall, most, if not all, of the PIGable TAM is required by law to be evaluated every five or seven years (depending on whether the pipeline transports liquid or gas), so we are assuming that most customers will stage their CIM Core use over the rotations/schedules they have established to evaluate their pipelines *at least* within those regulations. That said, outside of perhaps Phillips 66, we believe most of their customers have measurable portions of their pipelines that are not necessarily generating CIM revenues yet, but ultimately will be. That is, our expectation is that once they onboard a customer the likelihood is that over some period, that customer will ultimately evaluate *all of* their applicable (PIG) infrastructure using CIM Core. That may or may not be the case, but we have a hard time imagining why customers would not do that over time once they have adopted the platform.

To that end, given the above overview of the business and associated issues therein, we are confident that the Company can continue to attract operators to their platform, and if recent announcements are any indication, we think they can continue to attract large operators to the platform. To revisit something we alluded to above, in general, we think attracting large players becomes easier with each new large player they attract. We also think they will be successful selling additional modules into measurable portions of the expanding customer base. That said, we submit, trying to model/project the financial impact of those perceived successes could prove challenging.

First, the Company has to this point been quite flexible in creating pricing models that different customers have requested. For instance, again as we understand it, customers are typically charged an annual fee to stand up 24/7 access for CIM Core. We do not think that number is significant but is it part of the revenue equation. Thereafter, customers generally pay a fee based on the degree to which they use the platform. Our conclusion,

based in part on some of the metrics the Company provides, is that the most practical way to project revenues at this point is to figure out how many miles of pipe data the Company crunches in each period, and then multiply that by a dollar figure that we can periodically back test. To edify, today that number looks something like \$100 per mile, but again, we will monitor that approach as we move forward, as well as looking for signs of more uniform pricing in general.

Additionally, as they roll out new modules and other associated products, we will try to ascertain that pricing to work into our projections, but we believe these will be purchased/consumed in much the same way as the CIM Platform revenues, albeit likely in smaller amounts for instance, \$25 or \$50 per mile.

That said, the Company provides a few additional metrics that we think may lead to better visibility. For example, they indicate that *some* of their customers prefer to estimate their CIM consumption for the coming year and then pay OneSoft an upfront fee for that consumption. In that case, the collection of the estimated fee is recorded as deferred revenue which is ultimately reduced as the customer consumes the CIM functionality during the year and results in revenue recognition as this occurs. As a result, tracking the changes in deferred revenue in conjunction with corresponding revenues should give us some ideas about the direction of things. Additionally, they have been reporting the miles under contract, which should also provide visibility. However, we would also caution that as we understand it, “pipe under contract” does not tell us what portion of that mileage will generate revenue in the current year and given the regulatory cycle we discussed prior, that contracted pipe will likely address revenues *years* in the future. On the other hand, in the context of that 5-year cycle, we think much of the Company’s revenue base will be recurring since each mile of pipe will need to be reassessed every 5 years.

More specifically, we are modeling revenue growth from three primary sources.

First, they have demonstrated through recent announcements as well as through improving comparative results, that they can attract major pipeline operators. As we previously alluded to, we think adding new large adopters will be less challenging with each new addition as reference/validation grows. If we are correct about that scenario, they could capture a measurable portion of the TAM they have identified in terms of PIGable domestic lines. For reference, **Table 11** below is the Company’s estimate of Total Addressable Market for segments they are addressing with CIM Core (“ILI/ML” below) and with identified modules as well as TAMs for other “potential” future modules/offerings. As **Table 11** reflects, they believe the current TAM for PIGable domestic lines to be 660,000 miles. While the major operators they have been managing to attract do not operate all these miles, we suspect they operate the lion’s share, so aggregating a large portion of the major players would result in considerable and profitable revenue base. Moreover, as **Table 11** also notes, the Company estimates that the global TAM for this segment is 1.1 million miles of pipeline (\$110 million) and we know they Company is currently addressing some international markets.

Second, while they have been able to attract large industry players, they seem to be getting awarded *portions* of those players’ PIGable lines as opposed to all of them at once. We think that is probably due to the lengthy monitoring cycle we discussed prior, in which case, it may or may not make sense for a customer to contract for pipelines that do not require immediate monitoring. To clarify, we think if a major player contracts with OneSoft for part of their pipeline, over the ensuing 5- or 7-years, they will likely address all or most of that customer’s pipelines, and then restart the cycle over again. That may certainly prove aggressive, but intuitively, that is our assumption.

Third, we think they will sell new modules into the existing customer base. While we submit, we do not know, nor do we have any historical reference to know what that penetration might be, we do know that at least one of the new customers they addressed in the August new releases will be adding “*Corrosion, Crack and Risk Management modules for use by its business units globally*”. Again, while we believe that saturating the

initial ILI/IM market of large operators would get OneSoft well into profitability and higher intrinsic valuations, we also believe the new modules (along with perhaps international markets) will provide the next layers of revenue growth and by extension, the next leg up in that valuation.

Table 11

Note: The table below is stated in Canadian dollars

Oil & Gas - Estimated TAM USA & Global						
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
			Est US % of Global Infrastructure		60%	
	Current CIM	USA Mileage	Rate	TAM USA	TAM ROW	TAM Global
ILI/ML	Developed	660,000	\$ 100	\$ 66,000,000	\$ 44,000,000	\$ 110,000,000
Risk	Early	1,863,450	\$ 25	\$ 46,586,239	\$ 31,057,492	\$ 77,643,731
ICDA/Chem	Early/Potential	612,000	\$ 75	\$ 45,900,000	\$ 30,600,000	\$ 76,500,000
CP	Early	1,011,981	\$ 25	\$ 25,299,515	\$ 16,866,343	\$ 42,165,858
Asset Mgmt	Early	1,863,450	\$ 10	\$ 18,634,495	\$ 12,422,997	\$ 31,057,492
Mobile	Potential	1,863,450	\$ 10	\$ 18,634,495	\$ 12,422,997	\$ 31,057,492
Cust Exp	Potential	1,318,648	\$ 5	\$ 6,593,238	\$ 4,395,492	\$ 10,988,730
ECDA	Potential	2,476	\$ 1,000	\$ 2,476,362	\$ 1,650,908	\$ 4,127,270
Acoustics	Potential	224,724	\$ 10	\$ 2,247,239	\$ 1,498,159	\$ 3,745,399
Facilities*	Potential	500	\$ 50,000	\$ 25,000,000	\$ 16,666,667	\$ 41,666,667
				\$ 257,371,583	\$ 171,581,056	\$ 428,952,638
<i>Facilities* includes, refineries, tankfarms, chemical and other downstream facilities</i>						

Moving down the operating model, gross margins have generally run between 70% and 75%, although their most recent quarter reflected lower gross margins of 68% due to “higher staff costs assisting new customers and providing ongoing support, a shift in product sales which resulted in increased royalty expense and higher Microsoft Azure costs arising from higher customer activity levels”. As the narrative implies, we suspect that standing up new customers has negatively impacted gross margins *initially*. We are modeling gross margins to normalize in the low 70% range, which would be 200 to 300 bps below historic levels but 200 to 300 bps above 2Q-F22 levels.

Through 1H-F22, operating expenses have trended higher YoY along with higher revenues, which we would anticipate. However, we think there is likely some leverage in the operating expenses at higher revenue clips, so our expectation is that as revenues continue to grow, we think net operating margins should improve as well. The one caveat to that could be added development expenses associated with new module rollouts. However, we think they have incurred a measurable amount of the development costs associated with the modules they have currently identified, as we expect some of these to be released through, in, or around year end. That said, we expect them to continue to innovate, so software development will likely be an ongoing item, but again, we expect operating margins to improve as revenues accelerate.

While we expect revenues to accelerate and overall margins to improve, the question we (and most investors we suspect) should have is, “where/when will the Company cross over to profitability”? That is a topical question because it speaks to the notion of added dilution, which directly impacts valuation. Our current model projects that they will cross over to positive operating cash flow in 2H-F23, which may or may not prove to be aggressive. From another perspective, we think that threshold is quarterly revenues of approximately CAN\$3 million.

Management Overview

DWAYNE KUSHNIRUK - CEO

Dwayne Kushniruk co-founded, managed, invested in and divested of several private and public software companies since 1981, during which time he has assumed numerous senior executive operational and directorship roles. Mr. Kushniruk is a major shareholder and as part of the senior executive team will continue to manage the Company's growth strategy, capital markets initiatives, M&A and public company matters.

BRANDON TAYLOR - COO

Brandon Taylor has over 25 years of IT experience and has been CTO since 2004. He has worked on numerous projects with Microsoft, including its international Technology Adoption Program, global marketing programs and appointments to Microsoft's worldwide ERP partner advisory council. Under his direction OneSoft became the first company world-wide to deploy applications on Microsoft Cloud Services in 2015. Brandon is a major shareholder and a member of OneSoft's senior executive team.

PAUL JOHNSTON - CFO

Paul Johnston, CPA CMA has served as the Company's CFO since 2005. He has more than 35 years of accounting and finance experience in a variety of industries and publicly traded companies. He is a major shareholder and manages the financial aspects of the Company, as part of the senior executive team.

TIM EDWARD – President - OneBridge Canada

Tim Edward has over 25 years experience pioneering cutting-edge software for the oil & gas pipeline industry. In 1997 he and Dwayne Kushniruk co-founded a company that developed a revolutionary software solution for pipeline operators, which was sold two years later providing a substantial gain for shareholders. Tim envisioned the disruptive application that OneBridge is now developing as a SaaS solution and continues to provide visionary and sales leadership as part of the senior executive team. He is a major shareholder of the company.

Risks and Caveats

We believe that OneSoft has developed a robust platform that addresses marked pain points in a major industry. Despite that posture, the Company still faces several risks that could keep it from succeeding and/or make that path significantly more difficult and lengthier than some might anticipate or hope.

First, despite the views of some to the contrary we have argued that the macro environment is likely to continue using and likely building more pipelines. We could certainly be wrong about that and in that case, at some point, if we stop using fossil fuels then ostensibly, we will stop transporting them through pipelines.

While again, we do not see that unfolding anytime soon, we will submit that narratives to that effect can have a negative impact on companies in the space, so that could prove to be a headwind for OneSoft shares.

While have noted that for a small company, OneSoft/OneBridge has established impressive relationships with large industry customers, their continued success will likely require attracting additional large players in the space. As we understand it, the Company's view is that their major competitor remains the legacy manual approach we described prior. However, as we learned from the Phillips 66 relationship, and we think has been reinforced by additional new (large) customers they have onboarded, most of these operators have attempted to develop systems that improve on the legacy approach. While some of those operators (their existing customer base) have apparently concluded that OneSoft's platform is good enough to scrap their in-house plans, we do not think that is the case with at least some of the remaining major operators. That is not to say that they will be unable to continue to change minds, but we suspect that will continue to be a challenge. In our experience, the transition from in-house programs to third party solutions (especially those of small companies) involves some risk, and frankly, it requires some to admit they failed, or at least that someone else (much smaller than them) beat them to the punch. At the risk of sounding a bit cynical, adopting new approaches like OneSoft's is not always just about what works best.

Beyond in-house solutions, there are likely other competitive forces in the marketplace, and we suspect those will continue to provide headwinds for the Company. We will expand on that in the Summary and Conclusion below.

While the Company believes the total addressable domestic market for PIGable pipelines is \$66 million, that is not an annualized number. Rather, if we consider that pipelines need to be PIG'd about every 5 years, one could argue that the annual TAM is closer to \$13 million. Granted, there is some nuance to those numbers that likely make the annual TAM higher, but recognize, if the Company is to garner significantly higher intrinsic valuations, it will likely require that they have success in markets beyond the domestic PIGable space. On the other hand, as we have illustrated, that also explains the various new initiatives (new modules and international markets for instance) the Company is engaging, so the notion is not lost on them.

While OneSoft continues to make technological, business and financial progress, they remain unprofitable. It is likely that measurably higher valuations will require better visibility with respect to sustainable profitability. Further, the longer that runway to profitability, the more likely the Company will require additional financing, which may mean more dilution. Moreover, if they do require additional financing, there is no guarantee that they will be able to attract it at all, which could substantially impair the business. Along similar lines, we have provided a projected operating model while at the same time admitting that visibility is limited, and projecting is difficult. Put another way, our model will almost certainly miss numbers one quarter to the next and perhaps considerably so until the business becomes more predictable, and visibility improves.

The Company relies on a small handful of Founders/Managers to run the business. As a result, the loss of key employees will likely have an adverse impact on the Company.

OneSoft's shares are thinly traded and generally illiquid and that may be the case for the foreseeable future. Those characteristics may involve additional risks beyond those associated with equities in general.

These are just a few of the more visible risks associate with OneSoft. There are likely others we have missed and/or are others that may not be apparent at this time.

Summary & Conclusion

To summarize, OneSoft enables one of the world's most important industries (energy) and it provides a product/service that replaces legacy systems and approaches that are expensive, cumbersome and not as thorough as they should be. For instance, the Company notes that their platform can process and analyze 100% of the PIG collected data from a typical 30-mile log in minutes or hours, while the current industry standard will analyze only the most problematic 3% to 5% of those data points and the process may take weeks or even months. That said, they enable an industry (fossil fuels) that has come under immense pressure for substitution, especially domestically. To reiterate, we do not see fossil fuels going away anytime soon and as such, we think OneSoft's opportunities will continue to grow. We submit, those who are more skeptical about the future of fossil fuels will likely not share our enthusiasm.

As we noted, the Company's flagship CIM Core provides several advantages over legacy approaches, and we spent some time throughout this report illuminating some of the more topical of those advantages. On the other hand, while the Company, or us for that matter, can make inferences about the superiority of their platform vis-à-vis the status quo, the true validation of those types of viewpoints generally rests in paying customers. In that regard, OneSoft has managed to accumulate some of the largest pipeline operators in the U.S, and that momentum appears to be ongoing. In retrospect, that momentum started with their collaboration with Phillips 66 in 2017, which to reiterate was a watershed event in that it provided them with access to valuable real-world data that helped them perfect the platform and provided them with a notable, paying reference customer.

In addition to their relationship with Phillips 66, we believe their relationships with Microsoft has also proven to be especially beneficial. First, as we alluded to above, the Company was an "early adopter" of the cloud computing rollout, which is particularly applicable to the pipeline maintenance industry because of the vast amounts of data it entails. Obviously, Microsoft developed/deployed Azure because they saw that trend coming, but more specifically we think they identified OneSoft as the best applicable cloud-based technology for ILI/IM. Moreover, as we understand it, Microsoft continues to support OneSoft's sales and marketing efforts, which we suspect carries additional weight when it comes to dealing with Fortune 50 customers.

As we discussed CIM Core is currently the Company's primary product/offering. For the Company to be successful and reach profitability, they will likely need to *continue* to attract additional large operators in the space, and they will need to convince those customers to add increasing portions of their pipeline infrastructure onto CIM Core. In that regard, we have modeled considerable penetration going forward as well as a reasonable foothold with their new CIM Core application for small (non-subscription) operators. Between the two, we believe that domestically, CIM Core can get the Company to profitability. That said, beyond CIM Core, the Company has several added growth legs and some of those are already queued for commercialization. For instance, we know the Company has four new modules in development, two of which should be in commercialization through year end and/or early 2023. Recall, their most recent announcement concerning "*another Fortune 50 company*", notes that the client "***intends to onboard full capability of the CIM platform, including Corrosion, Crack and Risk Management modules for use by its business units globally***". We think it is fair to say that while new modules represent added growth legs, they are not far away, as we expect some of these modules to make meaningful contributions in F2023. More specifically, our modeling indicates that each new model could reasonably add roughly 10 cents in additional per share valuation. As the release also indicates, the Company has established this and other opportunities internationally **that we think will result in contributions we have not attempted to model.**

We spent some time throughout this report illustrating how much more frequent pipeline accidents and failures are than most readers likely realize. On the other hand, with 3 million miles of pipe crisscrossing the country some level of peril seems inevitable, and as we also noted, pipelines are vastly safer than the other

transport alternatives. That said, we think it is fair to suggest that every operator would prefer to avoid *every* incident if they could. Moreover, if they could use that same system to save money by avoiding excavating pipeline that ultimately did not need to be excavated (the “false positive” and “dig-to-repair ratio” we discussed prior), then that dual functionality could be particularly valuable. Further to that end, Phillips 66’s 2022 Sustainability Report includes some interesting results regarding their Process Safety Events (“PSE”). Here are two topical excerpts:

Safety Performance

Our safety culture, comprehensive HSE policies, management systems and an across-the-board company commitment resulted in an OSHA Total Recordable Rate (TRR) of 0.12 in 2021. That’s 25 times lower than the overall U.S. manufacturing average and lower than the 2021 average in refining and other industries. Our 2021 combined Tier 1 and Tier 2 Process Safety was 0.13, our best-ever performance.

2021 was also a record year for Midstream Operations, as we recorded the safest year in Midstream history:

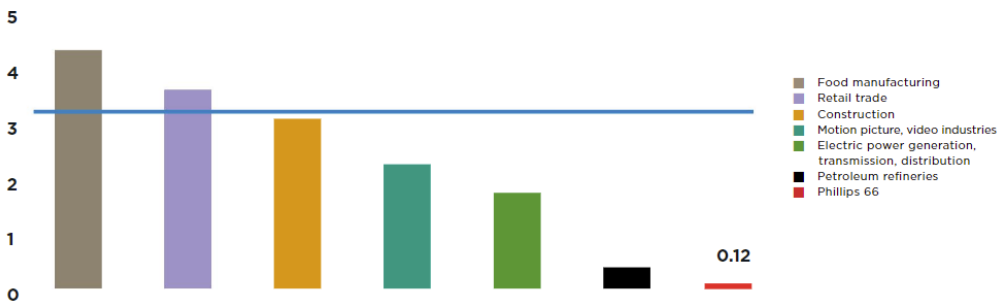
- Recorded our best TRR ever at 0.03
- Achieved two years without an employee recordable injury
- Set a record for fewest spills and fewest PSEs
- Added the 17th Midstream facility to our list of operating facilities that are recognized as VPP STAR sites

TOTAL RECORDABLE RATE (TRR) BY INDUSTRY

(Incidents per 200,000 hours worked)

— Industry Average

(All industries including private, local and state government)



Sources: Bureau of Labor Statistics, 2020 data; Phillips 66, 2021 data

PROCESS SAFETY EVENTS

PSEs are unplanned or uncontrolled releases of hazardous material. We closely monitor and measure our performance in this area. Phillips 66 works to eliminate PSEs by applying best practices in design, engineering, operations and maintenance. We also perform hazard analyses and use change-management procedures to mitigate risk.

We routinely audit our safety, mechanical integrity, operating and maintenance programs. We investigate serious incidents and near misses to develop corrective actions and capture learnings. We create and improve our procedures to ensure employees and contractors are aware of hazards and how to address and mitigate them.

Tier 1 and Tier 2 PSEs are defined by the API Recommended Practice 754. Tier 1 PSEs are the most significant type of unplanned or uncontrolled release of material from primary containment.

Tier 2 events have lesser consequences than Tier 1 events, yet they are still important. All Tier 1 and Tier 2 events are investigated to determine the underlying causes so we can act to prevent recurrences. Our goal is zero PSEs.

In 2021, our Refining business unit had zero energy isolation-related Tier 1 PSEs, and its overall Tier 1 process safety event rate of 0.05 led our industry.

Safety



<https://issuu.com/phillips66co/docs/2022sustainabilityreport?fr=sYTYwYzUxMzk1MDc>

To be clear, we **are not** suggesting that OneSoft is solely responsible for Phillips 66’s apparent “industry leading” record of PSEs, but we do think they have been part of that success/solution. Ostensibly, other

industry leaders who have become customers must agree with that on some level. Further, we have generally taken the view that when industries (or portions thereof) lack particular standards, companies that can provide systems/platforms that effectively provide some of that standardization can be quite successful. We think OneSoft may be on that path, and as such, it may become more difficult, perhaps even from a regulatory standpoint, for operators to avoid adoption of solutions that contribute to results that include “*zero energy isolation-related Teir-1 PSEs*”.

Lastly, as most familiar with our research are aware, we are generalists, so our coverage spans a variety of industries and that has included several technology enterprises. One of our primary concerns regarding technology companies is their relative competitive position. That is particularly topical since small companies are our wheelhouse, and small companies often face competitive pressures from larger, more established, better capitalized companies. On the other hand, they sometimes face additional competitive pressures from smaller companies as well, and our challenge is trying to ascertain the breadth and the depth of the competitive landscape to help us try to understand our coverage candidates’ posture and opportunities therein. In the case of OneSoft, we have had some discussion with management regarding what they believe to be the competitive moat they have built around the business, and here are a few of our takeaways from those discussions.

Given that the industry currently relies on legacy, outdated and manual methodologies to conduct integrity management of pipelines, and the large potential revenue opportunities that the Company has identified, it would seem logical that existing vendors who already service the industry would have an advantage in developing and marketing a competitive offering to the Company’s CIM platform. However, the Company believes it has several competitive advantages in that regard.

First, legacy software vendors for pipeline operators have historically developed on-premise software applications designed to assist company engineers, or third party consultants to provide services that are billed to customers using a time and materials revenue model, to conduct integrity management processes. These legacy software tools, without AI/ML capabilities, require extensive human input which negatively impacts costs and productivity. For example, this is the reason only small candidate subsets of data are analyzed in manual ILI run comparison analyses and why logs take weeks or months to run. Billing of time, rather than for use of software, is therefore key to the business model of legacy software providers. Revenues are higher, but unit employee costs associated with consulting are also much higher.

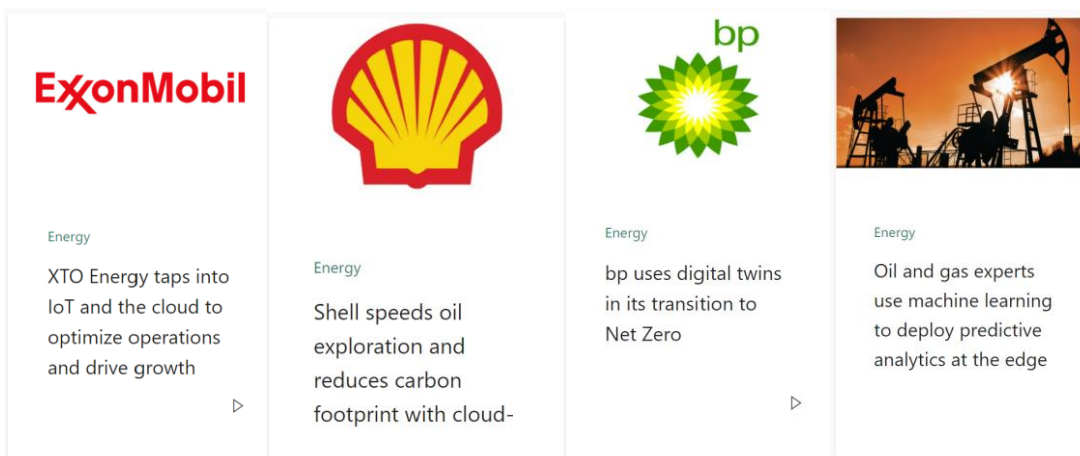
As we understand it, OneSoft faced this challenge when the Company commenced selling its SaaS products in 2011, ultimately leading to its decision to sell its legacy on premise software business operations to focus solely on a born-in-the-cloud business model. As we alluded to above, OneSoft sold its legacy Serenic business in 2014, paid out most of the gain on the sale to shareholders through a special dividend and return on capital and retained approximately \$2 million to reorganize the Company to focus on SaaS with AI/ML technologies. This enabled OneSoft to start afresh to optimize future product development, without having to maintain legacy systems and customers that would have otherwise impeded progress of new era development and the cloud SaaS business model.

The challenges for software companies to transition to born-in-the-cloud business models are significant, but ultimately necessary to adopt for many to succeed. OneSoft’s early pioneering work with cloud computing and its decision to transition to SaaS cloud computing with AI/ML has resulted in the Company’s “first mover advantage” and commercial release of the CIM platform. The Company’s view is that in terms of its functionality (including its cloud-based infrastructure) it has no competitors worldwide. We submit, we do not know how to validate that view, because we do not think there is any way to know what everyone out there is trying to create (which is one of our consternations about technology in general). That said, they are certainly in a better (albeit perhaps biased) position to make that claim than we are to refute it, and given the

choice we would rather hear that they know of no competitors than that they know of many larger better positioned competitors.

Second, the Company also confronts the notion that one or more of the large pipeline operators may develop a competing platform to CIM. Their experience/viewpoint in that regard is that ostensibly pipeline operators do not excel at software development, as evidenced by the fact that several large operators have tried repeatedly (and failed) to develop a CIM-type solution. As we alluded to above, we suspect that was the case with Phillips 66. Moreover, a company that develops an internal solution will likely not have access to the data of other operators that would probably be reluctant to share that. On the other hand, OneSoft, has access to the data of its customers, which is collectively voluminous. Succinctly, the success of machine learning is correlated to the amount of data it can analyze.

More specifically, over the past few years several large pipeline operators have replaced/migrated on-premise computing systems with Microsoft Azure’s cloud computing platform. Azure’s energy page provides some color to that end, ([Azure for Energy | Microsoft Azure](#)), and it includes some examples of customers use studies and other collateral that illustrate the notion:



Building on human ingenuity

For more than 140 years, Chevron has been taking on the future by building thoughtful, long-term energy strategies. Through its collaboration with Microsoft, which includes [Microsoft SAP on Azure](#) and a phased implementation of SAP S/4HANA, Chevron is continuing to deliver more affordable, reliable, and ever-cleaner energy by developing new organizational capabilities that provide immediate and intelligent insights, enhanced productivity and collaboration, and accelerated automation and innovation.

Anecdotally, we suspect one or more of these companies *could be* among the large customers the Company has been unable to refer to by name. Further, we also believe these companies’ commitments to the Azure platform provide a fertile opening for CIM Core, (built for Azure). We also think that sheds some light on why the Microsoft arrangement is so valuable to OneSoft, why it has led to OneSoft attracting large industry players, and why it represents a considerable competitive advantage for OneSoft.

Third, switching gears to the sales cycle, OneSoft management has discussed in several of its disclosures the long sales cycles it faced when initially introducing CIM as a competing solution for legacy systems and practices. While the long sales cycles involved with introducing a disruptive new enterprise solution to replace legacy processes that have been used for decades initially presented challenges to OneSoft’s business

growth, Management now considers long sales cycles to be beneficial in protecting and advancing the Company's competitive moat. To that end, the Company published the following excerpt in its MD&A for the quarter ending June 30, 2020:

“We have also encountered prospective clients who participated in and acknowledged successful production trials, then shelved their decisions to adopt CIM for undisclosed reasons. One of our clients had paused for nearly a year after a successful production trial before proceeding to onboard CIM in 2019, and another prospective client who paused for 15 months after a successful production trial has recently revived their interest in proceeding with a commercial agreement. One prospective client is in process of investigating CIM, with intention to implement two to three years into the future. The reality is, sales cycles tend to be long, and successful production trials are not always followed by immediate client contracts”.

From Management's perspective, the long development, validation and sales cycles that are necessary to successfully commercialize a CIM-type solution from product vision, to software development, to beta use, to validation by early adopters, to industry acceptance – presents a significant time commitment and risk for potential competitors. The Company has successfully navigated through all these stages, has addressed the risks associated with each of these steps, and is now well positioned with respect to future competitors. Further, they believe (and we concur) the collective sales cycle is likely to contract going forward for a handful of reasons. For instance, as we noted, intuitively, selling new modules to existing customers should certainly prove easier and faster than the opening CIM Core sale. In addition, as we just addressed, many of the newly added customers have been in evaluation for some time, so those particular sales cycles are already “seasoned”. Moreover, we also suspect that at least some of their customers' buying decisions have likely occurred subsequent to those same customers engaging Azure. That is, we think at least some CIM Core sales have occurred on the heels of Azure adoptions, which frankly, is part of the reason we suspect some of Azure's customers noted above, may very well be some of the OneSoft customers “to-be-named-later”.

To summarize, Management believes that the above factors, along with the Company's strategy to continue to invest in development of companion software modules, is widening OneSoft's competitive moat. What OneSoft has accomplished to date has been challenging, but the series of steps that will be required for other future competitors to succeed will be even more difficult to accomplish, particularly given the strong validation that the CIM platform has received from hallmark enterprise customers who conducted extensive research before making decisions to replace legacy systems with OneSoft's solutions.

To reiterate, the Company maintains their view that there do not appear to be any other enterprise level cloud SaaS solutions that leverage AI/Machine Learning to manage pipeline integrity management and operational logistics, world-wide, and OneSoft's first mover advantage regarding technology and early market validation may likely provide tailwinds for future business development.

We are initiating our coverage of OneSoft with an Allocation of 4 and a 12-24 month price target of US \$.60. We will reassess each as visibility unfolds.

Projected Operating Model
(Reflected in Canadian Dollars)

OneSoft Solutions Inc.							
Projected Operating Model							
By: Trickle Research							
	(actual)	(actual)	(estimate)	(estimate)	(estimate)	(estimate)	(estimate)
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	Fiscal 2022	Fiscal 2023	Fiscal 2024
Revenue	\$ 1,279,764	\$ 1,334,314	\$ 1,386,917	\$ 1,528,580	\$ 5,529,574	\$ 10,392,292	\$ 18,806,168
Direct Costs	\$ 382,493	\$ 427,305	\$ 430,122	\$ 461,288	\$ 1,701,207	\$ 2,786,304	\$ 4,637,357
Gross Profit	\$ 897,271	\$ 907,009	\$ 956,795	\$ 1,067,292	\$ 3,828,367	\$ 7,605,987	\$ 14,168,811
Salaries and Employee Benefits	\$ 1,292,917	\$ 1,238,586	\$ 1,308,038	\$ 1,329,287	\$ 5,168,827	\$ 5,958,844	\$ 7,220,925
Sales and Marketing	\$ 252,399	\$ 239,851	\$ 267,858	\$ 308,188	\$ 1,068,296	\$ 1,689,181	\$ 2,582,905
General and Administrative	\$ 226,993	\$ 264,837	\$ 272,084	\$ 282,001	\$ 1,045,915	\$ 1,427,460	\$ 2,016,432
Operating Expenses	\$ 1,772,309	\$ 1,743,274	\$ 1,847,980	\$ 1,919,475	\$ 7,283,038	\$ 9,075,485	\$ 11,820,262
Software Development Costs Capitalized	\$ (100,049)	\$ (94,042)	\$ (102,708)	\$ (104,734)	\$ (401,533)	\$ (480,110)	\$ (600,428)
Operating Expenses, net of Capitalized Cost	\$ 1,672,260	\$ 1,649,232	\$ 1,745,272	\$ 1,814,742	\$ 6,881,505	\$ 8,595,375	\$ 11,219,834
Loss Before Other Expenses	\$ (774,989)	\$ (742,223)	\$ (788,477)	\$ (747,449)	\$ (3,053,138)	\$ (989,388)	\$ 2,948,977
Stock Based Compensation	\$ 179,061	\$ 206,933	\$ 200,000	\$ 200,000	\$ 785,994	\$ 800,000	\$ 800,000
Amortization of Intangibles	\$ 85,597	\$ 83,602	\$ 100,000	\$ 101,000	\$ 370,199	\$ 414,202	\$ 431,020
Depreciation of Property and Equipment	\$ 3,821	\$ 4,199	\$ -	\$ -	\$ 8,020	\$ -	\$ -
Interest Income	\$ (4,961)	\$ (11,230)	\$ -	\$ -	\$ (16,191)	\$ -	\$ -
Foreign Exchange Loss	\$ 25,694	\$ (41,891)	\$ -	\$ -	\$ (16,197)	\$ -	\$ -
Total Other Expenses	\$ 289,212	\$ 241,613	\$ 300,000	\$ 301,000	\$ 1,131,825	\$ 1,214,202	\$ 1,231,020
Gain (Loss) Before Income Tax	\$ (1,064,201)	\$ (983,836)	\$ (1,088,477)	\$ (1,048,449)	\$ (4,184,963)	\$ (2,203,589)	\$ 1,717,958
Income Tax							
Net Gain (Loss)	\$ (1,064,201)	\$ (983,836)	\$ (1,088,477)	\$ (1,048,449)	\$ (4,184,963)	\$ (2,203,589)	\$ 1,717,958
Other Comprehensive Gain (Loss)	\$ 14,358	\$ (21,900)	\$ -	\$ -	\$ (7,542)	\$ -	\$ -
Net Gain/(Loss) per share -Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)	\$ 0.01
Net Gain/(Loss) per share - Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)	\$ 0.01
Basic Shares Outstanding	118,476,369	118,572,332	121,175,606	121,781,666	120,001,493	123,039,446	124,561,877
Diluted Shares Outstanding	118,476,369	118,572,332	121,175,606	121,781,666	120,001,493	123,039,446	124,561,877

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ($\$250 * 4$). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

- A Trickle rating of 1 thru 3 would best correspond to a "Speculative Buy" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.
- A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.
- A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.