



Sonasoft Corp.

State of Incorporation: California
6920 Santa Teresa Blvd., Suite 108
San Jose, California 95119

(408) 708-4000

www.sonasoft.com

SIC Code: 7372

Quarterly Report

For the Year Ended March 31, 2018
(the "Reporting Period")

The number of shares outstanding of our Common Stock is 196,399,529 as of March 31, 2019. The number of shares outstanding of our Common Stock was 184,459,129 as of Dec. 31, 2018.

The number of shares outstanding of our Preferred Stock is 2,528,110 as of March 31, 2019. The number of shares outstanding of our Preferred Stock was 2,209,214 as of Dec. 31, 2018.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: No:

For more information:
www.OTCmarkets.com Ticker: SSFT (www.otcmarkets.com/stock/SSFT)
or
www.sonasoft.com

Disclosure Regarding Forward-looking Statements

This annual report contains statements that constitute forward-looking statements. These statements appear in a number of places in this report and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) the Company's financing plans; (ii) trends affecting the Company's financial condition or results of operations; (iii) the Company's growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words "may," "would," "will," "expect," "estimate," "anticipate," "believe," "intend," and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the Company's ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

Available Information

The Company's common stock has been quoted on OTC markets under the trading symbol "SSFT". As part of the OTCQB listing requirements, the Company will prepare and post material news, quarterly and annual financial reports on OTCQB website.

Part A: General Company Information:

SONASOFT CORPORATION.

(Exact name of issuer as specified in its charter)

6920 Santa Teresa Blvd

Suite 108,

San Jose, CA 95119

408-708-4000

INCORPORATION DATE: DECEMBER 18, 2002

State or other jurisdiction of incorporation or organization: **California**

Primary Standard Industrial Classification Code Number: **7372**

I.R.S. Employer Identification Number: **51-0439372**

PART B: SHARE STRUCTURE

TRADE SYMBOL: SSFT

EXACT TITLE AND CLASS OF SECURITIES OUTSTANDING: COMMON STOCK

CUSIP: 835413 10 5

PAR OR STATED VALUE: NO PAR VALUE (THE "COMMON STOCK")

TOTAL COMMON SHARES AUTHORIZED: 700,000,000

TOTAL SHARES OUTSTANDING 196,399,129, MARCH 31, 2019

TOTAL FREE TRADING SHARES OUTSTANDING

70,965,570, MARCH 31, 2018

TOTAL NUMBER OF INVESTORS: 290, MARCH 31, 2018

EXACT TITLE AND CLASS OF SECURITIES OUTSTANDING: PREFERRED STOCK

CUSIP: RESTRICTED STOCK (N.A)

PAR OR STATED VALUE: NO PAR VALUE (THE "PREFERRED STOCK")

TOTAL PREFERRED SHARES AUTHORIZED: 10,000,000

TOTAL SHARES OUTSTANDING 2,528,110, MARCH 31, 2019

TOTAL NUMBER OF INVESTORS: 39, MARCH 31, 2019

Common Stock: Voting right one per share, at present dividend and preemptions rights are not applicable.

Additional class of securities (if necessary): Preferred Shares, Authorized number of shares 10,000,000 @ no par value. The Company created this class of securities for conversion of common shares into preferred shares.

Preferred Stock: Conversion Rights of Common stock into Preferred Shares.

The Company created Series A Preferred Stock so that existing shareholders can convert Common stock into Preferred stock based on the following terms and conditions:

- a) Common stock holders are eligible to convert shares of common stock in ratio of 100 common stock shares will get one share of Preferred stock.
- b) Lock up Period: After conversion into Preferred shares, the shareholder cannot convert them into shares of common stock for eighteen months from issuance date unless one of the following conditions is met:
 - 1) Sale of Sonasoft and its subsidiaries to another public and private company and there is change of control.
 - 2) Secondary offering: Sonasoft raise funds from public market using Investment Banker and under writer.
 - 3) Upon conversion of preferred shares into common stock shares, the preferred stockholder will be entitled to additional 10% of common stock shares as Bonus shares.
 - 4) Conversion Ratio: The Preferred shareholder will receive the same number of common stock shares; the ratio will be one share of Preferred stock equals to 100 shares of common stock.

Name & Address of the Transfer Agent

Name: Corporate Stock Transfer, Inc.

Address 1: 3200 Cherry Creek Drive, South, Suite 430

Address 2: Denver, CO 80209

Phone: (303) 282-4800

Fax: (303)282-5800

Email: Karen Naughton<knaughton@corporatestock.com>

BUSINESS INFORMATION

The nature of Issuer's Business

1. the form of organization of the issuer

Sonasoftware was incorporated as C Corp in the State of California.

2. the year that the issuer (or any predecessor) was organized;

December 18, 2002

3. the issuer's fiscal year end date;

Fiscal year ending is December 31

4. whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceedings

Not Applicable

5. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets;

No

6. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments

NO, long term Note payable of \$300,000 from Chairman, Director and Investor, payments are not required

7. any change of control;

NO

8. any increase of 10% or more of the same class of outstanding equity securities:

Rule 144 shares of Common stock sold to Investors, less than 10% of outstanding stock.

9. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;

Not Applicable

10. any delisting of the issuer's securities by any securities exchange;

Not Applicable

11. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and status of the matters, and the amounts involved.

Legal Dispute with Ex-employee, a civil legal proceeding pending appeal, a detail description is provided in Legal History Section

Business of Issuer

1. the issuer's primary and secondary SIC Codes;

**Software Product and Solution provider SIC Code: 7372
AND (recent acquisition) NAIC Code: 541512; Computer Integrated
7373**

2. if the issuer has never conducted operations, is in the development stage, or is currently conducting operations;

Not Development stage Company, Revenue generating products and operations

3. whether the issuer has at any time been a "shell company";

The Company has never been a Shell Company, it is operating company since inception

4. the names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement;

Not Applicable; Cornerstone Tech Inc.

5. the effect of existing or probable governmental regulations on the business;

The Company follows the rules and regulations applicable to public companies operating in high tech industry.

6. an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities was borne directly by customers;

The Company provides software solutions in email archiving business. The Company has three technical software development including CTO working on improvement of existing software and its applications. The expenses incurred pertaining technical professionals are classified as Operating expenses. The Company does not transfer any costs to customers directly or indirectly.

7. costs and effects of compliance with environmental laws (federal, state and local); and

Not Applicable

8. the number of total employees and number of full-time employees.

Total number of employees Eleven, full time employees Ten, one part time. Cornerstone Tech. Inc. Subsidiary has 20 full-time employees.

- (a) **Describe in detail what business the Company does and proposes to do, including what product or goods are or will be produced or services that are or will be rendered.**

The Company's original business model focused on data protection, high availability and disaster recovery software solutions for businesses using Microsoft Exchange, SQL and Windows servers. The Company designed solutions to simplify and eliminate human error in the backup and recovery process and centralized the management of multiple servers and provide a cost-effective turnkey disaster recovery strategy for companies of all sizes. At that time, Sonasoft expected to be the only company to provide an integrated disk-to-disk backup/recovery and replication solution for Microsoft Exchange and SQL Servers. Typically, customers would have to pay three to four times more to buy multiple solutions from different vendors to obtain functionality comparable to that offered by our integrated solution.

The subsidiary Cornerstone Tech. Inc. is an engineering services and product resale company. The company focuses on turn-key solutions and service delivery for data archiving and data migration services.

The Nature of Products or Services Offered:

- A. principal products or services, and their markets;

Email archiving software solutions, we sell products in US and international markets.

Cornerstone Tech. Inc. - Data archiving, data migrations, cloud migrations and resale of Dell, Cisco, VMware, Veritas, Microsoft and other IT infrastructure hardware and software products.

- B. distribution methods of the products or services;

Direct Sales to SME and ERP customers and Installation of software via internet, WebEx.

Cornerstone Tech. Inc: Direct drop ship of 3rd party products and software delivery via the internet.

- C. status of any publicly announced new product or service;

Our main product is Sona Vault, email archiving solution and all other additional solutions like Sona secure or Sona cloud are private label from other vendors. All the products are listed on website as well as disclosed in press release and quarterly reporting.

- D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition;

Our competition is companies like Barracuda, Symantec and other software solutions.

Cornerstone Tech Inc. competitors include local and regional "VARs" selling 3rd party product and performing service delivery (i.e. SHI, Softchoice, Integrated Archives, etc.)

- E. sources and availability of raw materials and the names of principal suppliers

Not Applicable.

- F. dependence on one or a few major customers;

The Company is not dependent on one customer, we sell our solutions to various cities, ERP customers and small and medium enterprise.

- G. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and

Not Applicable.

- E. the need for any government approval of principal products or services and the status of any requested government approvals.

Not Applicable.

A detail description of products, sales and marketing strategy is provided below:

The Company rounded out our product suite in 2010 with the introduction of SonaVault, an Email Archiving and eDiscovery Software Solution. This product addressed corporate compliance and discovery requirements. Since the middle of 2011, the company has been primarily focusing on selling the SonaVault product because today's demand for email archiving solutions is high. Since 2015, the Company has phased out its disaster recovery and backup software. The Company intends to revive these products at a later date. The Company's business model is to sell its products in North America, Europe and Asia through mostly direct sales to small to mid-sized, SMB, customers. The Company has entered into distribution agreements with Ingram Micro, HPE, and Rapid Acceleration Partners (RAP), but to date, most sales are direct.

Most of the Company's sales have been by direct license of our software products to end users with the exception of distribution agreement that we have with a few small managed service providers. These service providers resell the company's SonaVault product via a software as a service (SaaS) offering to their customers. In 2017 the revenue from these managed service providers amounted to \$15,647 and revenue from MSP was \$14,540 in 2018.

With the direct sales model, the Company's software products are licensed to our customers for their use. The products are not individually tailored for each customer, but customers may request our assistance to install the product on the customer's servers. We charge a one-time fee for this installation service. We also offer maintenance contract services for an annual fee for each of our products.

The Company has received awards from industry trade publications including SQL Server Magazine and MSExchange.org. The Company was a Certified Microsoft Partner until Microsoft discontinued this program. The Company is still an ISV Partner with Microsoft.

The Company has patent applications pending for two aspects of our functionality that are unique. These are:

- Web Enabled Exchange Server Standby Solution Using Mailbox Level Replication
- Exchange Server Standby Solution Using Mailbox Level Replication with Crossed Replication between two Exchange Servers

The Company also entered into original equipment manufacturer (OEM) agreements. This allowed the Company to sell related product and services on a monthly subscription basis to its customers. These OEM agreements allowed the Company to obtain additional revenue and a customer base. Current offerings include cloud-based email archiving and eDiscovery services and email protection and email continuity that protects organizations from ransomware, phishing attacks, spam, and other threats as well as allow the organization to still send and receive email even when its primary email server is down. These OEM agreements allows the Company to gain new customers or retain old customers until it has developed its own IP for cloud-based email archiving and email continuity services.

The Company has also obtained revenue by offering related services to its core of email archiving and eDiscovery software solutions. Often, potential customers that express an interest in the Company's SonaVault Email Archiving and eDiscovery Software will also need to migrate its mailbox data to a newer version of Microsoft Exchange Server (on-premise) or to Microsoft Exchange Online (Office 365). In addition, the Company offers data export of email data from competing email archiving and eDiscovery solutions.

The Company has recently entered the artificial intelligence (AI) sector. The Company is currently integrating AI solutions into its flagship product, SonaVault. The Company also is developing an AI solution for customer support. The Company is also expanding its flagship product to be available in the cloud as well as stand-alone on-premise solution as it currently is offered.

The Company has also recently acquired Cornerstone Tech. Inc. The company is currently integrating and merging the sales efforts across the organization for the resale of legacy solutions for either side. This includes: Computer, networking and storage hardware, as well as, software for IT.

(b) Describe *how* these products or services are to be produced or rendered and how and when the Company intends to carry out its activities. If the Company plans to offer a new product(s), state the present stage of development, including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product would require a material amount of the resources of the Company and the estimated amount. If the Company is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major existing supply contracts.

While certain improvements are planned to maintain and improve competitiveness (see Properties Section), the Company's products have been installed and proven by customer acceptance. The Company's growth will stem from the sales and marketing investments supported by the current planned financing.

Sonasoftware Sales Strategy

The present Sonasoftware sales strategy has five major focal points:

Government/Education Market:

Ease of implementation and low acquisition costs make Sonasoftware products attractive to increasingly budget conscious state and local governments and educational institutions. The Company has secured a vertical in cities and regional governments that are looking for a cost-effective, high value, and low-maintenance solution to achieve regulatory compliance and fulfill Freedom of Information Act (FOIA) mandates and other discovery requests. The Company intends to leverage its base of very satisfied installed customers as references to increase sales momentum in this vertical market.

SonaVault Appliance:

SonaVault was designed from inception to be appropriate for delivery to customers as a preloaded bundled system with a hardware supplier. The Company reached agreements with DELL and HPE to create and deliver an appliance solution for the Company's flagship product SonaVault. For customers that desire this solution Sonasoftware will order the required hardware from a predefined menu of DELL and HPE Servers through Avnet and DELL. Based on the Company's instructions, Avnet or DELL will add the appropriate hardware and configuration and then install the required Microsoft OS software. These servers are then delivered to Sonasoftware. The Company then installs SonaVault software and configures the server as per the customers' instruction. This allows the Company to deliver the prebuilt and turnkey solutions to our customer. Many customers favor this approach as it cuts their installation time by more than 75 percent as well as reduce chances for errors in the installation process.

Direct Sales

Even as the Company develops future partnerships and channel sales, management recognizes that the building blocks for such growth will have its foundation in the sales that it achieves now and in the immediate future through direct customer contact. The Company strives to utilize this contact to maintain high customer satisfaction, recognize new trends, and gauge end user inclinations about alternatives to Sonasoft. Currently, the Company's new sales are driven through web marketing and selective email campaigns aimed at a specific market vertical or niche.

International Sales

The Company regularly been receiving sales inquiries from customers outside of North America from internet searches. As a result, the Company has installed Sonasoft products in countries across Europe, Africa, the Middle East, and India. To date, these international sales have been done with little effort on the Company's part as these customers have come directly. The Company's growth plans do call for establishing distributors with exclusive territories in selected geographies that it feels will be productive in the future.

Customer Support

As sales continue, the need for customer support continues to grow. With the maintenance and support agreements that are purchased by many of the Company's customers, customer support has become a revenue generating. The Company plans to increase its customer support resources by:

Adding additional staff to handle the volume of support calls required to maintain customer satisfaction and services levels as per the support agreements signed between the customer and company. The costs for each additional customer support staff are estimated to be \$2,000 in equipment expense and \$60,000 in annual wages. The customer support levels (Silver, Gold, and Platinum) that Sonasoft offers are as follows in the customer support matrix listed below:

Customer Support Service Levels are Silver, Gold, and Platinum

Support Feature	Silver	Gold	Platinum
Phone Support	✓	✓	✓
Email Support	✓	✓	✓
Web-Based Case Management	✓	✓	✓
Knowledge Base	✓	✓	✓

Self Help Resources	✓	✓	✓
Web-Based Support	✓	✓	✓
Software Updates	✓	✓	✓
Unlimited Support Accounts	1	3	✓
Dedicated Customer Support			✓
Business Review Meetings			✓
Customer Counsel			✓
Onsite Technical Support			Optional Add-On
Response Times	4 hours	2 hours	30 minutes
Support Hours	7 AM to 6 PM	24x5days	24x7x365
Support Days	Mon – Fri	Mon – Fri	Every Day

Additional customer support staff will be required for the following positions:

- Managing the customer support website including downloads and updates
- Installation support specialists
- Data recovery and data export for critical restore specialists
- Specialized Microsoft (Exchange Server, SQL Server, Exchange Online) product support personnel
- Specialized personnel in competing archive solutions with the intent to export the data

Currently the support staff is servicing over 600 customers. A new staff member is required for every 75 customers that Sonasoft adds. However, this will be based upon the volume of calls and service requests generated by customers.

This would allow customers and support staff to have a centralized system to handle customer support. Both customers and support staff have used the support system to address site access (based upon maintenance agreement), cases, knowledge base, downloads (software and hot fixes), etc. This portal has speed up response times between customer and support staff. The Company further intends to integrate its support web-based portal with the company's CRM.

Educating the customer on the software is a key component of ensuring the customer has the proper knowledge on how to utilize the features and functionality available to

them in the product. This offering has reduced the number of calls and emails from the customer. The following programs are available to the customer:

1. Installation and basic operation manuals are held for customers that have recently purchased a Sonasoft solution and want to learn about the basic functionality of the application. This is hosted online by a customer support technician.
2. Product training is held for customers that want an in-depth look at the functionality of the product, how to use it, read the log files, and troubleshoot issues. This training generally lasts about 4 hours. Product Training is hosted online by a customer support technician.

Sonasoft plans to develop a formal certification program for customers and resellers. This program will boost their skills and workplace productivity while validating their knowledge on Microsoft's SQL Server, Exchange Server and Exchange Online products. Designed for both experienced and expert level users, the curriculum will prepare them to plan, design, and manage all key components of their information, data protection, email archiving maintenance, and best practices for eDiscovery operations.

Professional Services can be offered to the customer and provided by specialized support personnel in the areas of Microsoft Exchange Server, Microsoft Exchange Online, Microsoft Office 365, Microsoft SQL Server, and cloud platforms including Microsoft Azure Services, Amazon Web Services, etc. Many companies will often hire outside professionals to design, install, configure and upgrade systems. Sonasoft professional services would include:

- Remote Backup & Disaster Recovery
- Remote Database Administration
- Installations and upgrades
- Database Migration
- Database Replication
- Database Administration
- Performance Tuning
- Design & Architecture

All Professional Services will be billed at an hourly rate. Travel and Expenses would not be included. A contract would need to be purchased prior to Professional Services commencing.

The Nature and Extent of the Issuer's Facilities

The Company has entered into a lease agreement for an office building, the lease period ends on February 28, 2013. The company is currently on a month to month basis. Starting February 2015, the monthly rent is \$3,100 per month expense is included in the operating expenses on the income statement.

The Company executed a lease agreement to rent office space with starting date on August 1, 2016 thru July 31, 2019 at monthly rental amount of \$3,300 per month. The facility rent will increase to \$3,500 per month from August 1, 2017 and \$3,700 per month from August 1, 2018. The Company has also had option to renew the lease for five years after the expiry of current lease term on July 31, 2018.

Cornerstone Tech Inc executed a lease agreement to rent office space with starting date on 1/2/2016 thru 1/2/2019. The initial per month rate was \$8900. The renewal took place on 1/2/2019 through 1/2/2020 with a 2-year option for renewal at a rate of \$9600.

MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

A. Name of Officers, Directors and Control Persons.

Name	Affiliation(1)
Frank D. Velasquez	CEO, holding 6,472,900 or 3.30% of Company's Common stock and also holds 242,896 or 9.61% Preferred shares.
Mike Khanna	President, holding 7,777,300 or 3.96 % of Company's Common Stock and also holds 44,891 or 1.78% of Preferred shares
Neil Kumar Khanna	Vice President of Client Services, holding 2,100,000 or 1.07% of Common Stock and 65,250 or 2.58% of Preferred Shares
Bilal Ahmed	CTO & VP Engineering holding 4,387,000 or 2.42% of Common stock
Subhash Sachdeva	CFO, holding 5,100,000 or 2.6% of Company's Common stock and also holds 20,800 or .82% of Preferred Shares
Eugene Alfaro	VP of Sales, holding 4,500,000 or 2.29% of Company's common stock.
Jim Gilmer	Secretary holding 2,225,000 or 1.23% of Common stock

Dr. Romesh K. Japra	Director, Chairman of the Board & Control Person (holding 18,948,000 shares of Common Stock 9.65 % and 992,417 or 39.26 % of Preferred shares)
Nand “Andy” Khanna	Director, Vice Chairman & Control Person (holding 3,350,000 shares, or approximately 1.71 % of Company’s Common Stock, also holds 206,800 or 8.18 % of Company’s Preferred stock.
Romi Randhawa	Director, holding Preferred shares 183,307, or approximately 7.25 % of Company’s Preferred Stock.
Garrett Rajkovich	Control Person (holding shares 79,262, or approximately 3.14 % of Company’s Preferred Stock)
Joseph Rapp & Ana Rapp JT Ten	Control Person (holding 100,000 shares, or approximately 3.96 % of Company’s Preferred Stock)

(1) For the determination of control persons, calculations are done based on 196,399,529 shares of the Company’s Common Stock issued and outstanding as of March 31, 2019, and 2,528,110 shares of Company’s Preferred stock issued and outstanding as of March 31, 2018.

(2) As of March 31, 2019, stock options held by officers and directors are provided below:

a) Dr Romesh Japra, Director & Chairman of Sonasoft,	9,000,000
b) Andy Khanna, CEO & Director of Sonasoft,	16,880,000
c) Mike Khanna, President of Sonasoft:	9,360,000
d) Neil K Khanna, VP Operations of Sonasoft:	9,360,000
e) Bilal Ahmed, CTO of Sonasoft;	5,500,000
f) Romi Randhawa, Director of Sonasoft:	5,000,000
g) Jim Gilmer, Secretary of Sonasoft	1,300,000
h) Subhash Sachdeva, CFO of Sonasoft	6,690,000
i) Frank D. Velasquez, CEO of Sonasoft	1,000,000
j) Eugene Alfaro, VP Sales of Sonasoft	250,000

The stock options were given at different times and vested over a period of 2 years from date of vesting.

COMPENSATION OF OFFICERS AND DIRECTORS

Quarter Ended March 31, 2019

		Salary
Frank Velasquez	CEO	\$175,000
Subhash Sachdeva	CFO	\$132,000
Bilal Ahmed	CTO	\$174,000
Neil Kumar Khanna	VP Operations	\$144,000
Mike Khanna	President	\$144,000
Eugene Alfaro	VP Sales	\$160,000
Dr Romesh Japra	Director	\$ 0
Nand (Andy) Khanna	Vice Chairman & Director	\$150,000
Romi Randhawa	Director	\$ 0
Total Compensation		\$1,079,000

Legal & Disciplinary History:

In November 2006, an ex-employee, Vince Khanna, filed a lawsuit against the Company for wrongful termination. In April 2010, the Company entered a settlement agreement with the ex-employee for the payment of \$227,000. In February 2013, the Company made the final payment of \$85,526. In 2013, the attorney for the ex-employee filed a motion for additional attorney's fees, costs, and interests and secured a new judgment of \$193,188. Shortly after obtaining the new judgment, the Plaintiff's attorney vindictively filed an alter ego case against the Company's former CEO, Andy Khanna, and named him amended the judgment to include Mr. Khanna.

The Company filed an appeal and secured it with a bond of \$289,782, against the collateral of real property.

On June 30, 2016, the Court of Appeals upheld the Plaintiff's judgment against the Company but dismissed Andy Khanna as an alter ego to the Company. The Company then filed a motion to recover its fees from winning the alter ego company as well as a reduction to the awarded attorney's fees. In early 2017, the Company lodged a new appeal against the aforementioned motions. The Company also secured this appeal with a bond of \$300,000 collateralized by a standby letter of credit established and secured against Certificate of Deposit. The Company's

intent of the second bond was to release the first bond since it was the same judgment and the same amount.

As of now, the appeal is still pending and secured with a bond in the Sixth District Court of Appeals for the attorney's fees, cost, and interest that are claimed by the plaintiff. The case has been fully briefed pending oral arguments. The Appellate Court estimates that the opinion will be published on or around July-August of this year with the remitter (finality) to be issued sixty days after the opinion is posted. Therefore, the Company foresees that the appeal will be over on or around late October 2019.

In a related lawsuit, the Company's attorney encouraged Andy Khanna to file a malicious lawsuit against the former employee, Vince Khanna and his attorney, James A. Sarrail, for malicious prosecution. Both Vince Khanna and James A. Sarrail had dismissed Andy Khanna with prejudice in the settlement agreement and subsequent order that confirmed the settlement in September 2010. Vince Khanna and James Sarrail then named Andy Khanna as an alter ego in 2006 while using the same arguments and so-called evidence prior to the settlement agreement. The Company's legal counsel wanted to use this case as leverage in the legal matter against the Company. The trial court, however, sided on Vince Khanna and James Sarrail, as an anti-SLAPP motion and then awarded Vince Khanna, James Sarrail, and their attorneys the amount of \$171,508.08 for just one motion. Andy Khanna has appealed this judgment, and this appeal is expected to be fully briefed by the end of July 2019.

Disclosure of Family Relationship

The Company Vice Chairman & Director Andy Khanna is related to Mike Khanna, President and Neil Khanna Vice President of Operations. Mike and Neil are sons of CEO Andy Khanna. Andy Khanna and Neil Khanna are only authorized to sign the checks and operate the bank accounts.

Disclosure of Related Party Transactions

On January 23, 2017, the Company issued a promissory note in the amount of \$300,000 to Dr. Romesh Japra, Chairmen and investor owning more than 20% of shares of Sonasoft common stock. The note bears interest at 10% per annum. The outstanding principal amount and interest due as of March 31, 2019 is \$365,610.

President and VP Operations are related to Vice Chairman and Director of Sonasoft Corporation. There are related party transactions pertaining to business related expenses. The expenses were incurred in course of business, paid and disbursed in 30 days.

Disclosure of Conflicts of Interest:

Except as stated above regarding family relationship and related party transactions, there is no other conflict of interest to the best of our knowledge.

Interim: Financial Statements & Information for 2019 & 2018

SONASOFT CORPORATION

Statements of Operations

March 31, 2019 and 2018

	Q1 2019	Q1 2018
Operations		
Revenue	\$ 1,955,286	\$ 219,517
Cost of goods sold	1,376,753	63,801
Gross profit	578,533	155,716
Operating expenses	1,154,400	388,434
Loss from operations	(575,867)	(232,718)
Other income (expense)		
Interest and other income	(11,350)	(44)
Net loss	\$ (587,217)	\$ (232,762)
Loss per share	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding	185,225,224	327,144,256

SONASOFT CORPORATION
Balance Sheets
March 31, 2019 and December 31, 2018

ASSETS	2019	2018
Current assets		
Cash	\$ 1,570,542	1,024,293
Accounts receivable, net	932,358	173,728
Inventory	61,494	0
Other current assets	88,151	31,763
Total Current Assets	2,652,545	1,229,784
Unsecured Receivable – Cornerstone	0	704,000
Other assets		
Intangible Asset	2,638	2,638
Other Assets	102,000	
Total Assets	\$ 2,757,183	1,936,422
 LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 1,235,567	187,617
Accrued expenses and accrued liabilities	723,578	524,941
Accrued compensation	1,892,732	1,923,232
Deferred revenue - current portion	427,780	104,763
Royalty liabilities	733,049	733,049
Customer deposits	-	0
Total Current Liabilities	5,012,707	3,473,602
Non-current liabilities		
Note payable – Related party – Long term	462,610	358,109
Deferred revenue – long term portion	30,340	36,209
Total Liabilities	5,505,656	3,867,920
Stockholders' Deficit		
Common Stock, no par, 700,000,000 shares authorized, 196,399,529 and 181,489,129 shares issued and outstanding as of March 31, 2019 and Dec. 31, 2018, respectively	6,990,907	10,380,533
Preferred Stock, no par, 10,000,000 shares authorized, 2,528,110 and 2,209,214 issued and outstanding as of March 31, 201 and Dec 31, 2018 respectively	6,983,035	5,543,035
Accumulated deficit	(16,722,414)	(17,855,066)
Total Stockholders' Deficit	(2,748,473)	(1,931,498)
 Total Liabilities and Stockholders' Deficit	 \$ 2,757,183	 1,936,422

SONASOFT CORPORATION
Statements of Cash Flows
For the years ended March 31, 2019 and 2018

	Q1, 2019	Q1, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (587,142)	\$ (232,762)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock options	0	0
Stock issued for services	0	0
Bad debt expense/ Allowance for Doubtful debts	0	-
Changes in operating assets and liabilities:		
Accounts receivable	32,436	(32,057)
Accounts payable	(175,387)	92,479
Prepaid Expenses	0	-
Accrued compensation	(30,500)	31,500
Deferred revenue	(100,274)	8,120
Customer Deposits	-	0
Other current liabilities and accrued expenses	(4,409)	(1,487)
NET CASH USED IN OPERATING ACTIVITIES	(865,276)	(134,207)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Due from Related Party	(102,000)	0
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(102,000)	0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock for cash		90,000
Issuance of preferred stock for cash	1,440,000	-
Issuance of common stock to payoff		-
Payments on notes payable		7,500
Preferred Stock Subscription		-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,440,000	97,500
NET CHANGE IN CASH	472,724	(36,707)
CASH - beginning of year	1,097,817	415,130
CASH - end of year	\$ 1,570,542	\$ 378,423
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 11,724	\$ 9,213
Income taxes paid	\$ 2,701	\$ 319
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of preferred or common stock for accounts payable	\$ 0	\$ 0
Issuance of common stock for accrued compensation or services	\$ 0	\$ 0

BENEFICIAL SHAREHOLDERS AS OF March 31, 2019

Name	Affiliation	Percentage of Class (1)
Dr. Ramesh K. Japra 1000 Hunter Lane Fremont, CA, 94539	Director & Chairman of the Board	9.65% of Common Stock, 39.26 % of Preferred Shares
Nand “Andy” Khanna 6246 McAbee Rd San Jose, CA, 951320	Vice Chairman & Director	1.71% of Common Stock, 8.18% of Preferred Shares
Frank D Velasquez 6196 Maucuso Street San Jose, CA 95120	Chief Executive Officer	3.30% of Common stock, 9.61% of Preferred Shares
Garrett Rajkovich 6475 Camden Avenue, Suite 202, San Jose, CA 95120	Shareholder	3.14% of Preferred shares
Mike Khanna 511 Galen Drive San Jose, CA 95123	President	3.96% of Common stock, 1.78 % of Preferred shares
Harkiran “Romi” Randhawa 1037 Germano Way Pleasanton, CA 94566	Director	7.25 % of Preferred Shares
Joseph & Ana Rapp JTEN 835, Long View Ave North Woodmere, New York 11581	Shareholder	3.96% of Preferred shares

Neil Kumar Khanna Vice President of Operations 18345 Capistrano Way Morgan Hill, CA 95037	VP Operations & Officer with Check signing authority.	1.07 % of Common Stock and 2.58 % of Preferred shares
Kannan Ramesh Kumar & Sujatha Ganesan JTEN 6920 Santa Teresa Blvd.# 108 San Jose, CA 95119	Shareholder	3.96% of Preferred Shares

The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker

Not Applicable

2. Promoter

Not Applicable

3. Securities Counsel:

Name: Bruce Methven
Firm: Methven & Associates
Address 1: 2232 Sixth Street
Address 2: Berkeley, California 94710
Phone: (510) 649-4019
Fax: (510) 649-4024
Email: bmethven@methvenlaw.com

General Counsel:

Name: Steve M. Defilippis
Firm: Picone & Defilippis, as the Company's counsel in connection to the legal proceedings disclosed under 8(B)
Address 1: 625 North First Streets,
Address 2: San Jose, CA 95112
Phone: (408) 292-0441
Email: Flipsmd2005@yahoo.com

4. Accountant or Auditor - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

Name: Thomas M. "Mickey" O'Neal, CPA, CVA
Firm: Thayer O'Neal Company, LLC
Address 1: 101 Parklane Blvd., Suite 201
Address 2: Sugar Land, Texas 77478
Phone: (281) 552-8897
Fax: (281) 552-8431
Email: moneal@thayeroneal.com

Thayer O'Neal Company LLC is certified public accountant and PCAOB auditor. The auditor has completed the audit of fiscal year ending Dec 31, 2015, 2016 and 2017.

- 5 Public Relations Consultant

Mike Khanna, President

6. Investor Relations Consultant

Mike Khanna, President

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.

Not Applicable

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The Company had losses from operations during its last fiscal year. There are three primary causes underlying these losses and the Company has taken steps to address these causes. First, the Company's old product, SonaExchange did not receive desired market acceptance, primarily due to the limitation of the number of mailboxes that this product can handle in a single email data recovery operation. We have ceased promoting sales for SonaExchange and SonaSQL, however we restart promoting the product in 2018.

Lastly, the Company was involved in litigation over the last two fiscal years and spent a great deal of time, effort and money defending and responding to the allegations. See the section on Litigation above. As a result of the litigation, the Company had to terminate some of its employees, which further hurt the Company's sales and marketing efforts.

Sonasoftware revenue from SonaVault email archiving product and Sona Cloud in Q1, 2018 was grew from \$219.5 K compared to consolidated revenue (Sonasoftware and Cornerstone) of \$1,955K in Q1, 2019. The Company recognize the revenue only when the product is shipped or installed, or project is complete. The Company expects sales to continue to grow because of these focused strategies and great feedback from our customers. The Company plans to begin developing a heavy SonaVault and Sona Cloud marketing initiative with a successful offering to Enterprise and Small & Medium size clients. The Company continue its operations by controlling its expense base, support from existing investors and its ability to raise funding.

A. Plan of Operation.

1. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as:

The Company is expanding its Sales and marketing personnel to increase the product sales, customization of product and applications for OEM customers. The Company also going to provided professional services

- i. a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;

The Company cash balance and receipts from Sales will be enough to meet cash requirements for next six months. The Company reviews its cash position every quarter with Board of Directors, at that time BOD decides to raise funds for next quarter or six months.

- ii. a summary of any product research and development that the issuer will perform for the term of the plan;

The Company will update the features of its core product Sona Vault and make any custom applications as required by customers. Software solutions are always upgraded and updated based on customer's requirements or market place competition.

- iii. any expected purchase or sale of plant and significant equipment; and

Not Applicable

- iv. any expected significant changes in the number of employees.

Expected to hire three to five personnel, sales and software technical professionals

ISSUANCE HISTORY:

List of securities offerings and shares issued for services in the past two years

- (i) The nature of each offering,

Rule 144 stock issued to qualified and existing investors, holding period one year.

- (ii) Any jurisdictions where the offering was registered or qualified;

— **California and New York**

- (iii) Number of shares sold

The number of shares of Common stock sold in Q1, 2019 were 14,910,400 of common shares , 58,000 of Preferred shares and from Jan 1, 2018 thru December 31, 2018 were 25,600,000.

The number of Preferred shares sold in 2018 were 400,000, these shares are sold under terms and conditions as per Certificate of determination filed with State of California.

- (iv) The price at which the shares were offered, and the amount actually paid to the issuer;

**Common stock offered at \$.025 cent and sold at the same price
Preferred shares offered at \$2.50 per share and sold at the same price.**

- (v) The trading status of the shares;

Restricted

- (vii) Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Rule 144 restricted stock not tradeable unless the legend is removed.

ISSUANCE HISTORY thru March 31, 2019

01/06/2016	Romesh Japra	2,600,000	\$.025	Investment, Shares issued in lieu of cash
01/06/2016	Rodney J Martin & Michele Morehead TT	1,000,000	\$.025	Investment, Shares issued in lieu of cash
01/06/2016	Robert A. & Jacqueline A. Martin	1,000,000	\$.025	Investment, Shares issued in lieu of cash
02/04/2016	Charles Naegele	200,000	\$.025	Investment, Shares issued in lieu of cash
02/04/2016	John Wagner	140,000	\$.025	Investment, Shares issued in lieu of cash
02/18/2016	Kenneth Fishman	680,000	\$.025	Investment, Shares issued in lieu of cash
01/06/2016	Crossfire Ventures	800,000	\$.025	Investment, Shares issued in lieu of cash
04/01/2016	Douglas MacKallor	800,000	\$.025	Investment, Shares issued in lieu of cash
04/01/2016	Mike Khanna	800,000	\$.025	Investment, Shares issued in lieu of cash
05/11/2016	Kenneth Fishman	320,000	\$.025	Investment, Shares issued in lieu of cash
05/11/2016	Mike Khanna	400,000	\$.025	Investment, Shares issued in lieu of cash
05/11/2016	Douglas Mackallor	400,000	\$.025	Investment, Shares issued in lieu of cash
05/11/2016	Douglas MacKallor	462,660	\$.025	Investment, Shares issued in lieu of Interest

07/28/2016	Charles Naegele	200,000	\$.025	Investment, Shares issued in lieu of cash
07/28/2016	Gary S Allegrezza	400,000	\$.025	Investment, Shares issued in lieu of cash
07/28/2016	Jim Goguen	400,000	\$.025	Investment, Shares issued in lieu of cash
07/28/2016	Aaron Mainucci	200,000	\$.025	Investment, Shares issued in lieu of cash
07/28/2016	Romesh K Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
07/28/2016	Mike Khanna	800,000	\$.025	Investment, Shares issued in lieu of cash
08/31/2016	Andy Khanna	800,000	\$.025	Investment, Shares issued in lieu of cash
09/12/2016	Randhawa Family Trust	4,000,000	\$.025	Investment, Shares issued in lieu of cash
11/21/2016	Aaron Marinucci	250,000	\$.025	Rule 144, Shares issued in lieu of service
11/21/2016	James Kelleher	40,000	\$.025	Rule 144, Shares issued in lieu of service
07/28/2016	Subhash Sachdeva	480,000	\$.025	Rule 144, Shares issued in lieu of service
07/28/2016	Douglas Mackallor	250,000	\$.025	Rule 144, Shares issued in lieu of service
07/28/2016	Mike Khanna	480,000	\$.025	Rule 144, Shares issued in lieu of service
08/31/2016	Andy Khanna	480,000	\$.025	Rule 144, Shares issued in lieu of service
09/12/2016	Charles Naegele	200,000	\$.025	Rule 144, Shares issued in lieu of service

11/08/2016	Romesh K Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
12/14/2016	Randhawa Family Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash
12/22/2016	Bryan G. Payne	800,000	\$.025	Investment, Shares issued in lieu of cash
12/22/2016	Jeff Cromier	300,000	\$.025	Investment, Shares issued in lieu of cash
12/22/2016	Glenn L Schmidt	400,000	\$.025	Investment, Shares issued in lieu of cash
12/27/2016	SC Miley Construction	400,000	\$.025	Investment, Shares issued in lieu of cash
12/29/2016	Romesh Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
01/24/2017	James P Morrisroe	1,000,000	\$.025	Investment, Shares issued in lieu of cash
01/24/2017	Steve Barbounis	600,000	\$.025	Investment, Shares issued in lieu of cash
02/01/2017	Scott Khanna	200,000	\$.025	Investment, Shares issued in lieu of cash
04/17/2017	Romesh Japra	1,200,000	\$.025	Investment, Shares issued in lieu of cash
03/21/2017	Harkiran S Randhawa	600,000	\$.025	Investment, Shares issued in lieu of cash
04/27/2017	Naeem Wahab	600,000	\$.025	Investment, Shares issued in lieu of cash
05/04/2017	Majdi Daher	600,000	\$.025	Investment, Shares issued in lieu of cash
06/01/2017	Hamid Khan	600,000	\$.025	Investment, Shares issued in lieu of cash

05/18/2017	Integra Micro Systems Pvt Ltd	342,820	\$.025	Shares issued to settle past due balance
05/18/2017	Integra Micro Software Services Pvt Ltd	657,180	\$.025	Shares issued to settle past due balance
09/21/2017	Ascension Holding Corporation	1,000,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Jim Comer	56,030	\$.025	Shares issued in lieu of service
09/21/2017	Joseph F Dentice & Ellen Dentice JTEN	700,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Jim Goguen	400,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Jim Goguen	30,000	\$.025	Shares issued in lieu of service
09/21/2017	John Goguen	400,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	NJV Advisors Inc.	700,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	NJV Advisors Inc.	1,000,000	\$.025	Shares issued in lieu of service
09/21/2017	Romesh K Japra	1,200,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Raj Khanna	400,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Crossfire Ventures LLC	2,000,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Robert A Martin & Jacqueline A Martin 1995 Inter Vivos Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash

09/21/2017	Rodney J Martin & Michele Morehead 2008 InterVivos Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Northstar Capital Partners Inc	700,000	\$.025	Investment, Shares issued in lieu of cash
09/21/2017	Northstar Capital Partners Inc	1,000,000	\$.025	Shares issued in lieu of service
09/21/2017	Andrea M Randello	1,000,000	\$.025	Investment, Shares issued in lieu of cash
02/13/2018	Rodney J Martin & Michele Morehead 2008 Inter Vivos Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash
02/13/2018	Northstar Capital Partners Inc	1,000,000	\$.025	Investment, Shares issued in lieu of cash
04/19/2018	Romesh K Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
04/19/2018	Robert A Martin & Jacqueline A Martin 1995 Inter Vivos Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash
04/19/2018	Rodney J Martin & Michele Morehead 2008 Inter Vivos Trust	2,000,000	\$.025	Investment, Shares issued in lieu of cash
04/19/2018	Vincent Vella	2,000,000	\$.025	Investment, Shares issued in lieu of cash
06/11/2018	GT Property & Investment Group LLC	600,000	\$.025	Investment, Shares issued in lieu of cash
06/11/2018	Romesh K Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash

06/11/2018	John S Wagner	1,000,000	\$.025	Investment, Shares issued in lieu of cash
08/07/2018	Myrna Lontoc Alfaro	8,000,000	\$.025	Investment, Shares issued in lieu of cash
08/07/2018	Jim Comer	56,030	\$.025	Investment, Shares issued in lieu of services – sales commission
08/07/2018	Juile Boruff	500,000	\$.025	Investment, Shares issued in lieu of cash
08/07/2018	Bradley R Prutt	500,000	\$.025	Investment, Shares issued in lieu of cash
10/09/2018	Mike Campbell	250,000	\$.025	Shares issued in lieu of services
10/09/2018	Romesh Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
10/09/2018	Romesh Japra	2,000,000	\$.025	Investment, Shares issued in lieu of cash
10/09/2018	Dennis Minato & Augustina Minato JTEN	8,000,000	\$.025	Investment, Shares issued in lieu of cash
01/28/2019	Jim Plutchak	450,000	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies
01/28/2019	Frank D Velasquez	1,460,000	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies
01/29/2019	Frank D Velasquez	13,000,000	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies
01/31/2019	Frank D Velasquez	400	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies

ISSUANCE HISTORY – PREFERRED SHARES Q1 March 31, 2019				
07/25/2018	Kenneth Fishman	77,078	\$2.50	Conversion of Common shares to Preferred shares
07/25/2018	Joseph Rapp & Anne Rapp JT Ten	100,000	\$2.50	Conversion of Common shares to Preferred shares
07/25/2018	Robert A. & Jacquelin A. Martin 1995 InterVivos Trust	70,000	\$2.50	Conversion of Common shares to Preferred shares
07/25/2018	Rodney J Martin & Michele Morehead 2008 Inter Vivos Trust	80,000	\$2.50	Conversion of Common shares to Preferred shares
07/26/2018	Nand (Andy) Khanna	206,800	\$2.50	Conversion of Common shares to Preferred shares
07/26/2018	Romesh Japra	533,500	\$2.50	Conversion of Common shares to Preferred shares
07/26/2018	R Japra & S Japra TTEE, Japra Family Trust	138,917	\$2.50	Conversion of Common shares to Preferred shares
07/26/2018	Randhawa Family Trust	113,499	\$2.50	Conversion of Common shares to Preferred shares
07/26/2018	Harkiran Randhawa	69,808	\$2.50	Conversion of Common shares to Preferred shares
08/07/2018	Kannan Ramesh Kumar & Sujatha Ganesan JT TEN	100,000	\$2.50	Conversion of Common shares to Preferred shares
08/07/2018	Randall Rajkovich	24,700	\$2.50	Conversion of Common shares to Preferred shares

08/07/2018	Rohith Sajja & Praveena Ramineni	167	\$2.50	Conversion of Common shares to Preferred shares
08/07/2018	William Patrick Kelley Sr.	4,000	\$2.50	Conversion of Common shares to Preferred shares
08/07/2018	Rohit Sajja	5,550	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Mike Khanna	44,891	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Douglas Mackallor	5,000	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Neil Khanna	65,250	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Subhash Sachdeva	20,800	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Makarand & Jaya Rajavasireddy JTEN	1,563	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Eric Guerin	200	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Hema Ganapathy	1,165	\$2.50	Conversion of Common shares to Preferred shares
08/09/2018	Hans Van Rietschote	6,330	\$2.50	Conversion of Common shares to Preferred shares
10/03/2018	Crossfire Ventures	20,000	\$2.50	Conversion of Common shares to Preferred shares
10/03/2018	Garrett Rajkovich	54,562	\$2.50	Conversion of Common shares to Preferred shares
10/03/2018	Rajkovich Family 2006 Irrevocable Trust	38,167	\$2.50	Conversion of Common shares to Preferred shares

10/03/2018	Ramesh Karipineni	3,667	\$2.50	Conversion of Common shares to Preferred shares
08/07/2018	Hal R Faden	50,000	\$2.50	Issuance of Preferred shares in lieu of cash
10/31/2018	Romesh Japra	120,000	\$2.50	Issuance of Preferred shares in lieu of cash
10/31/2018	Rodney J Martin & Michele Morehead 2008 Inter Vivos Trust	20,000	\$2.50	Issuance of Preferred shares in lieu of cash
11/01/2018	Robert A. & Jacquelin A. Martin 1995 InterVivos Trust	20,000	\$2.50	Issuance of Preferred shares in lieu of cash
12/12/2018	Steve M Defilippis	10,000	\$2.50	Issuance of Preferred shares in lieu of legal services
12/12/2018	Romesh Japra	170,000	\$2.50	Issuance of Preferred shares in lieu of cash
12/12/2018	RHP Family Partnership Ltd	10,000	\$2.50	Issuance of Preferred shares in lieu of cash
12/12/2018	Russet Management	10,000	\$2.50	Issuance of Preferred shares in lieu of cash
12/12/2018	Methven & Associates Professional Corporation	13,600	\$2.50	Issuance of Preferred shares in lieu of legal services
01/25/2019	G & K D Enterprises LLC	12,000	\$2.50	Issuance of Preferred shares in lieu of cash
01/25/2019	Russet Management Ltd	8,000	\$2.50	Issuance of Preferred shares in lieu of cash
01/28/2019	Jim F Plutchak	18,000	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies

01/28/2019	Frank D. Velasquez	242,896	\$0.00	Issued as part of purchase consideration to acquire Cornerstone Technologies
03/20/2019	Romesh Japra	30,000	\$2.50	Issuance of Preferred shares in lieu of cash
03/20/2019	GT Property & Investment Group LLC	8,000	\$2.50	Issuance of Preferred shares in lieu of cash

List below and describe issuance of Promissory Note:

On January 23, 2017, the Company issued a promissory note in the amount of \$300,000 to Dr. Romesh Japra, Chairman and investor owning more than 20% of shares of Sonasoft common stock, to post cash bond of \$300,000 against legal dispute with Ex-employee. The note bears interest at 10% per annum. The outstanding principal amount and interest due as of March 31, 2019 is \$ 365,610.

MATERIAL EVENTS DURING 2018 & thru March 31, 2019

Material Contracts:

- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;

Option Agreements with officer's and Directors and employments agreements with officers of the Company and consulting agreements with professional consultants.

- 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements;

The Company is not dependent on any specific agreement with any customer or supplier as we have wide variety and number of customers and /or suppliers.

- 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or

Not Applicable

- 4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer.

Not Applicable

All the material agreements and contracts are attached to this report, also uploaded to OTC markets website.

- 1) Acquisition of Hotify LOI signed on Jan 26, 2019 and E-connect on March 33, 2019.
- 2) Lease Agreement for office rental.
- 3) Settlement Agreement with Account Payable Vendors
- 4) Debt payment and settlement agreement with Cornerstone Borrower as per Acquisition agreement.
- 5) Unsecured loan was given to Cornerstone Tech Inc., temporary financing.
- 6) All the agreements pertaining to Merger Transactions are uploaded to OTC markets.

Articles of Incorporation and Bylaws.

Articles of Incorporation and Bye laws are attached including amended articles as of March 9, 2018

Purchase of Securities by Issuer: Not Applicable/ None.

Material Events During 2018 & thru March 31, 2019

During fiscal year starting January 1, 2018 ending on December 31, 2018, the Company issued an aggregate of 25,600,000 shares of common stock for gross proceeds of \$640,000 or \$0.025 per share. The Company also issued 2,000,000 to existing shareholder who invested \$50,000 on December 22, 2017; the shares were issued in Feb 2018. The Company also issued 56,030 shares to independent sales person in lieu of commission due \$1,400.76.

The Company also issued 400,000 Series A Preferred share for investment of \$1,000,000 at \$2.50 per share. The Preferred shareholder will be entitled to same terms and conditions as Common stockholders who convert the existing common stock shares into Preferred stock shares. The certificate of determination filed with state provides the terms and conditions pertaining to issuance of Preferred shares.

During the fiscal year ended December 31, 2018, the company incurred these equity transactions:

- A Chairman & Director of the Company purchased 8,000,000 shares of common stock for \$200,000, later converted 4,000,000 shares of Common stock into Preferred stock.
- The Company's Chairman and Director purchased 290,000 shares of Preferred stock at \$2.50 per share under the terms and conditions
- The Company issued stock options 5,000,000 to various professional and outside consultants vested over a period of two years.
- The Company issued stock options 3,000,000 to Directors for continued services provided, the exercise price is \$0.025 (Two and Half cent) and the vesting period is 24 months.

The Company filed with State of California on March 9, 2018 to amend Articles of Incorporation to include:

The Corporation is authorized to issue two classes of stock to be designated as Common stock and Preferred stock. The corporation is authorized to increase the number of shares of Common stock from four hundred million (400,000,000) shares of Common stock to Seven hundred million (700,000,000) shares of Common stock and a new class of stock, Ten million (10,000,000) shares of Series a Preferred Stock.

The Company created Series A Preferred Stock so that existing shareholders can convert Common stock into Preferred stock based on the following terms and conditions:

- a) Common stock holders are eligible to convert shares of common stock in ratio of 100 common stock shares will get one share of Preferred stock.
- b) them into shares of common stock for eighteen months from issuance date unless one of the following conditions is met:
 - 1) Sale of Sonasoft and its subsidiaries to another public and private company and there is change of control.
 - 2) Secondary offering: Sonasoft raise funds from public market using Investment Banker and under writer.
 - 3) Upon conversion of preferred shares into common stock shares, the preferred stockholder will be entitled to additional 10% of common stock shares as Bonus shares.
 - 4) Conversion Ratio: The Preferred shareholder will receive the same number of common stock shares; the ratio will be one share of Preferred stock equals to 100 shares of common stock.

As of December 31, 2018, Sonasoft common stockholders converted 178, 561,400 approximately of common stock shares into preferred stock.

During January 1 thru March 31, 2019, the Company executed the following M& A transactions considered to be material events:

- 1) The Company acquired Cornerstone Tech, Inc and entered into definitive agreement on April 27, 2018, after that Sonasoft filed the “Agreement to Merge” with state of California effective date acquisition January 15, 2019. According to final terms and conditions of merger agreement, the Company issued 242,896 shares of Preferred stock and 14,460,000 shares of Common stock to Frank D. Velasquez. The Company also issued 18,000 shares of Preferred stock and 450,000 shares of Common stock to James F Plutchak, existing shareholders of Cornerstone Tech Inc. The Company also took over the related party loan of \$325,000 as part of purchase consideration, to satisfy the liability, the Company issued 8,000,000 shares of common stock for \$200,000 or \$.025 per share and paid the balance in cash. All the shares of common stock and preferred shares agreed in this transaction was issued in Q1, 2019.
- 2) The Company signed Letter of intent with Hotify Inc. a Delaware Corporation located at 700 Aldo Avenue, Santa Clara, CA 95054 on Jan 26, 2019. This LOI and all previous agreements were superseded when the Company signed definitive agreement and plan of merger on March 12, 2019. The Company will issue as the closing consideration under the Merger Agreement (i) Seventeen Million (17,000,000) shares of common stock of the Company and (ii) Six Hundred Eighty Thousand (680,000) shares of preferred stock of the Company; and the Company will also commit, following execution of the Merger Agreement, to (i) make available Two Hundred Thousand Dollars (\$200,000) in a Company-controlled account for use by **Company for Target operations**, disbursed at the discretion of Company, and (ii) make available, **post-Merger**, One Million Three Hundred Thousand Dollars (\$1,300,000) within ninety (90) days following Closing, of which up to One Million Three Hundred Thousand Dollars (\$1,300,000) shall be available for purchasing shares from Target’s current Stockholders. Notwithstanding the foregoing, (i) Company shall have the option to issue additional 11,000,000 Rule 144 shares of Company common stock in lieu of funding the above \$1,300,000, or alternatively, Company may provide a pro rata portion of Company common stock and cash, and (ii) should Company intend to fund all or part of the \$1,300,000 above, the Target’s current Stockholders shall then have the option to receive a pro rata portion of additional shares of Company Common Stock at \$0.10 per share in lieu of Company funding such cash amounts. The Company agreed to assume the liabilities of Hotify Inc. which should not exceed \$300,000.
- 3) The Company signed Letter of Intent with E-Connect Software Inc. and Optimaize, Inc., companies incorporated in California, the terms and conditions are:
 - a) Acquisition of E- Connect (100%) stock in lieu of 12m shares of Sonasoft Corporation common stock, out of which 6m shares will be issued after closing, the balance will be issued in eight quarters on prorata basis.
 - b) Optimaize, a software development project started by Vikas Agarwal and Judhajit, Senmazumdar, along with two Data Scientists, the product is at prototype stage and ready for deployment. Sonasoft Corp. agrees to grant 8m shares of common stock out of which 4m will be given at closing.

- c) Vikas and Judhajt has owns 66.67% of shareholding in two private limited companies, agreed to grant option to buy or assign ownership in these two companies in exchange for 4m shares of common stock of Sonasoft. Corp, closing of this transaction could take 6 to 8 months.
- d) Seller agrees to take 80% of shares as Series A Preferred stock and the balance 20% shares of Common stock, this term will be applicable to all the shares issued by Sonasoft.Corp. The Seller will get an additional 10 % of common shares at the time of conversion preferred shares into common.

SUBSEQUENT EVENTS

Between April 1, 2019 and June 24, 2019, the Company executed the following material transactions.

The Company signed the definitive agreement with E-Connect Software, Inc. on April 26, 2019 on same terms and condition as provided in item (a) of LOI. The Company close the transaction of buying E-connect after the filing the agreement to merge with CA state on May 31, 2019.

During April 1, 2019 thru June 24, 2019 the company incurred these equity transactions:

- 1) The Company issued an aggregate of 2,520,035 shares of common stock for gross proceeds of \$63,021 or \$0.025 per share, the vested options exercised by the existing employees of Cornerstone Tech Inc. The Company also issued 250,000 shares of common stock to Sales Consultant in lieu of commission payable and services rendered. The Sales Consultant will also be entitled to 150,000 shares for rendering services thru Dec 31, 2019.
- 2) The Company issued 12m shares of common stock or \$.025 per share, exercise the warrants associated to the note payable of \$300,000, this will offset the note payable and reduces the long-term liability of Sonasoft.
- 3) The Company issued stock options 7m to its professional consultants and key management staff to close the acquisition of Hotify, AI company, of which 2m stock options were issued to Andy Khanna, Vice Chairman.
- 4) The Company is in discussion with various investors to raise funds up to \$4m from qualified private investors since March 15, 2019 against the issuance of Preferred shares. The Board has determined the preferred stock price of \$10 per shares (equivalent to 10 cent per share of common stock) based on terms and conditions as filed with State of California on March 10, 2019. The Company has raised \$1,415,000 thru April 30, 2019, preferred shares 141,500 were issued to Investors in Q2, 2019.
- 5) The Company also received additional \$180,000 as investments towards subscription of Preferred stock, the shares will be issued in Q2, 2019.

- 6) The Company issued 1,200,000 shares of Common stock and 48,000 shares of Preferred stock to E-connect shareholders (Vikas Agarwal and Judhajit Senmazumdar) as purchase consideration to acquire E-connect in Q2, 2019.

Subsequent events have been evaluated through June 24, 2019 as that is the date these financial statements were available for release.

ISSUER'S CERTIFICATE:

I, Frank D. Velasquez certify that:

- 1) I have reviewed this Initial Disclosure statement
- 2) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- 3) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date:

DocuSigned by:
Frank D. Velasquez
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Signature

Frank D. Velasquez, CEO

Sonasoftware Corporation