

Unaudited Interim Condensed Consolidated Financial Statements of

ONEnergy Inc.

As at and for the three months ended March 31, 2020

Notice of No Audit or Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of ONEnergy Inc. (the "Company") have been prepared by and are the responsibility of the Company's management and have been approved by the Company's Board of Directors. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ONEnergy Inc.

Interim Condensed Consolidated Statements of Financial Position (Unaudited, in thousands of Canadian dollars)

As at	Note	March 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		\$ 276	\$ 351
Restricted cash		38	38
Other receivables		3	11
Natural gas delivered in excess of consumption		-	2
Prepaid expenses and deposits		44	42
Current portion of lease receivable		81	80
		442	524
Non-current assets			
Lease receivable		-	21
Total assets		\$ 442	\$ 545
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,857	\$ 1,763
Advances from Cricket Energy Holdings Inc.	6	208	208
Current portion of lease liability		113	112
Promissory note payable	7	3,812	3,663
Note payable to C Wave Power & Gas Inc.	8	1,013	921
		7,003	6,667
Non-current liabilities			
Lease liability		-	29
		7,003	6,696
Shareholders' deficiency			
Share capital	9	39,236	39,236
Contributed surplus		1,434	1,434
Deficit		(47,231)	(46,821)
		(6,561)	(6,151)
Total liabilities and shareholders' deficiency		\$ 442	\$ 545

Commitments and contingencies (note 13)

Going concern (note 1)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Approved by the Board of Directors:

(Signed) – Stephen J.J. Letwin
Director

(Signed) – Lawrence Silber
Director

ONEnergy Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited, in thousands of Canadian dollars, except per share amounts)

Three month periods ended March 31	Note	2020	2019
Continuing Operations			
Revenue	10	\$ -	\$ 81
Cost of sales	10,11	2	1
Gross margin		(2)	80
Expenses			
Selling	11	-	26
General and administrative	11	202	226
		202	252
Loss before the undernoted		(204)	(172)
Other gains (expenses)			
Finance income		1	-
Finance cost		(106)	(58)
Foreign exchange loss		(101)	(7)
		(206)	(65)
Loss from continuing operations		(410)	(237)
Discontinued Operations			
Income from discontinued operations	4	-	2,461
Total income (loss)		(410)	2,224
Other comprehensive income			
Unrealized gain on translation of foreign operations, classified as discontinued operations		-	135
Other comprehensive income		-	135
Total comprehensive income (loss)		\$ (410)	\$ 2,359
Loss per share from continuing operations			
Basic and diluted	9	\$ (0.02)	\$ (0.01)
Income (loss) per share attributable to shareholders			
Basic and diluted	9	\$ (0.02)	\$ 0.09
Weighted average number of shares outstanding			
Basic and diluted (in thousands)	9	23,975	23,975

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ONEnergy Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited, in thousands of Canadian dollars)

	Share capital (note 9)			Contributed surplus	Accumulated other comprehensive income	Shareholders' deficiency
	Shares	Amount	Deficit			
Balance as at January 1, 2019	23,975	\$ 39,236	\$ (48,755)	\$ 1,426	\$ 90	\$ (8,003)
Total income for the period	-	-	2,224	-	-	2,224
Other comprehensive income	-	-	-	-	135	135
Stock compensation (note 9)	-	-	-	2	-	2
Balance as at March 31, 2019	23,975	\$ 39,236	\$ (46,531)	\$ 1,428	\$ 225	\$ (5,642)
Balance as at January 1, 2020	23,975	\$ 39,236	\$ (46,821)	\$ 1,434	\$ -	\$ (6,151)
Total loss for the period	-	-	(410)	-	-	(410)
Balance as at March 31, 2020	23,975	\$ 39,236	\$ (47,231)	\$ 1,434	\$ -	\$ (6,561)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ONEnergy Inc.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited, in thousands of Canadian dollars)

Three month periods ended March 31	Note	2020	2019
Cash flows from the following:			
Operating activities			
Loss from continuing operations		\$ (410)	\$ (237)
Items not affecting cash			
Depreciation of property and equipment		-	29
Unrealized foreign exchange loss		85	-
Finance costs		106	58
Stock based compensation	9	-	2
Cash flows used in operating activities of discontinued operations		-	(3,575)
Change in non-cash operating assets and liabilities	12	102	(410)
Cash used in operating activities		(117)	(4,133)
Investing activities			
Decrease in lease receivable		20	-
Cash flows used in investing activities of discontinued operations		-	(5,746)
Cash provided by (used in) investing activities		20	(5,746)
Financing activities			
Finance costs paid		(2)	(30)
Increase in advances from Cricket Energy Holdings Inc.		-	116
Proceeds from promissory note payable		52	400
Proceeds from due to related party		-	120
Repayment of lease liability		(28)	(26)
Cash flows provided by financing activities of discontinued operations		-	9,246
Cash provided by financing activities		22	9,826
Effect of foreign currency translation		-	(5)
Decrease in cash		(75)	(58)
Cash and cash equivalents, beginning of period		351	55
Cash and cash equivalents, end of period		\$ 276	\$ (3)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

1. Nature of operations

Look Communications Inc. (“Look”) was formed on October 31, 1999 under the *Canada Business Corporations Act* (“CBCA”). On July 8, 2013, pursuant to articles of amendment, Look changed its name to ONEnergy Inc. (“ONEnergy”). On July 9, 2013, ONEnergy completed a change-of-business transaction and a concurrent private placement. On May 19, 2015 the Shareholders approved a resolution continuing the Company under the *Business Corporations Act* (Ontario) (“OBCA”) and discontinuing the Company under the CBCA. On August 4, 2015, the Company continued under the OBCA.

The unaudited interim condensed consolidated financial statements are comprised of ONEnergy and its wholly owned subsidiaries which include:

- (a) Sunwave Gas & Power Inc. (“Ontario Gas & Power”);
- (b) 0867893 B.C. Ltd. dba PVL Projects (“PVL”);
- (c) ONEnergy USA Holdings Inc.;
- (d) 2594834 Ontario Inc.; and
- (e) 10927040 Canada Inc.

The following subsidiaries were part of ONEnergy until their disposition:

- (a) Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc., Sunwave Gas & Power Connecticut Inc., Sunwave Gas & Power Pennsylvania Inc. and Sunwave Gas & Power Ohio Inc. (collectively referred to as “U.S. Gas & Power” and together with Ontario Gas & Power, “Gas & Power”), until they were sold effective March 4, 2019.

References to the Company and/or its various subsidiaries include ONEnergy, Gas & Power and PVL. The Company is domiciled in Canada and the address of its registered office is 401 Bay Street, Suite 2410, Toronto, Ontario, Canada M5H 2Y4.

The Company is currently looking for business opportunities. Prior to 2020, ONEnergy operated in the Gas & Power and Energy Efficiency (as described below) businesses. The Company’s Gas & Power business involves the sale of natural gas and electricity in Ontario, Canada and electricity in Connecticut, Pennsylvania, Massachusetts and Ohio, to residential and commercial customers under short or long-term fixed-price, price-protected or variable-priced contracts, under the brand name Sunwave Gas & Power™. Gas & Power was classified as held for sale as at December 31, 2018 and U.S. Gas & Power was sold effective March 4, 2019. During the second quarter of 2019, the Company decided to terminate all customer contracts for Ontario Gas & Power after not receiving adequate offers for the purchase of the business. See note 4(a) for additional information. Under its Energy Efficiency business, the Company provides a variety of products and services under the ONEnergy™ brand to help customers minimize their energy consumption. During the first quarter of 2019, the Company determined the Energy Efficiency business was no longer viable and ceased actively pursuing new business.

ONEnergy is a Canadian publicly listed company trading on the NEX Board (“NEX”) of the TSX Venture Exchange (the “Exchange”), under the symbol OEG.H. On February 10, 2021, the listing of the Company’s common shares was transferred to the NEX as the Company did not satisfy the Continued Listing Requirements as a Tier 2 issuer on the Exchange. ONEnergy’s trading symbol changed from “OEG” to “OEG.H”. There was no change to ONEnergy’s name, CUSIP number and no consolidation of capital. The NEX has been designed to provide a forum for the trading of publicly listed companies while they seek and undertake transactions in furtherance of their reactivation as companies that will carry on an active business.

On May 6, 2019 the Ontario Securities Commission (“OSC”) issued a cease trade order (the “Cease Trade Order”) against the Company pursuant to National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* and its securities have been halted from trading on the Exchange. The Company did not file its audited financial statements, officer certifications, and management discussion and analysis (“Annual Filings”) for 2018 by the filing deadline of April 30, 2019. On December 1, 2020, the Company filed its 2018 Annual Filings. On December 18, 2020, the Company filed its interim financial statements, officer certifications, and related

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

management discussion and analysis (collectively, the "Interim Filings") for the interim periods ended March 31, 2019, June 30, 2019 and September 30, 2019. On March 3, 2021, the Company filed its 2019 Annual Filings. On March 17, 2021, the Company filed its Interim Filings for the interim periods ended March 31, 2020, June 30, 2020 and September 30, 2020. As of March 17, 2021, the Company has addressed all outstanding filing deficiencies and intends to apply to the OSC for revocation of the Cease Trade Order.

These unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors on March 17, 2021.

Basis of presentation and going concern

The notes presented in these unaudited interim condensed consolidated financial statements include only significant events and transactions and do not include all required disclosures as required under IFRS as issued by the IASB. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest thousand, except per share amounts.

The unaudited interim condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The unaudited interim condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

As at March 31, 2020, the Company has an accumulated deficit of \$47,231 (December 31, 2019 - \$46,821), including a total loss of \$410 for the three months ended March 31, 2020 (total loss of \$1,984 for the three months ended March 31, 2019, excluding a \$4,208 gain on disposal of net assets). ONEnergy will need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations or develop and deploy any further products without future financing. If adequate funds are not available or the Company is unable to obtain additional customers and contracts, the Company may have to substantially reduce or eliminate planned expenditures and seek additional financing from shareholders or lenders. If the Company is unable to obtain additional financing when and if required, the Company may be unable to continue operations.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

2. Summary of significant accounting policies

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Unless otherwise disclosed, the accounting policies and methods of their application followed in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2019.

Seasonality

The customers of Gas & Power typically consume more natural gas during the winter months than the summer months and while they typically consume more electricity during the summer months, electricity consumption is subject to less seasonality than natural gas. The combined impact of natural gas and electricity consumption seasonality on the results of the Company is that revenue and cost of sales will be typically higher in the quarters ended December 31 and March 31.

Principles of consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries for which it has the power to govern the financial and operating policies. All material inter-company balances and transactions are eliminated.

3. Significant accounting judgments, estimates and assumptions

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited consolidated financial statements for the year ended December 31, 2019.

4. Discontinued operations

(a) Gas & Power

In November 2017 the Company formally commenced a process to sell Gas & Power. Gas & Power has been operating in a highly competitive regulated environment requiring significant working capital commitments along with challenging weather conditions and volatility in wholesale energy prices. As a result, Gas & Power has experienced operating losses since the third quarter of 2017. The disposition of U.S. Gas & Power was completed on March 4, 2019; see note 15 for additional information.

During the second quarter of 2019, the Company decided to terminate all customer contracts for Ontario Gas & Power after not receiving adequate offers for the purchase of the business. All customer accounts stopped flowing by the end of 2019 and the electricity and gas licences were not renewed when they expired at the end of 2019.

At March 31, 2019, Gas & Power was classified as held for sale. As Gas & Power is a separate major line of business, the results for Gas & Power were presented as discontinued operations for the three months ended March 31, 2019.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

The results of Gas & Power for the three months ended March 31, 2019 are presented below:

Revenue	\$	6,675
Cost of sales		7,135
Gross margin		(460)
Expenses		
Selling		76
General and administrative		919
		995
Loss before the undernoted		(1,455)
Other gains (expenses)		
Change in fair value of derivative instruments (note 14)		(1,000)
Finance income		20
Finance cost		(75)
Foreign exchange loss		-
Gain on disposal of net assets		4,208
Realized gain on settlement of derivative instruments		763
		3,916
Income (loss) from discontinued operations	\$	2,461

Income (loss) per share from discontinued operations

Basic and diluted	\$	0.10
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The following table presents Gas & Power's revenue for the three months ended March 31, 2019 disaggregated by revenue source:

	Canada	United States	Total
Product type:			
Natural gas	\$ 304	\$ -	\$ 304
Electricity	267	6,104	6,371
	\$ 571	\$ 6,104	\$ 6,675
Customer type:			
Residential	\$ 280	\$ 3,642	\$ 3,922
Commercial	291	2,462	2,753
	\$ 571	\$ 6,104	\$ 6,675

The major categories of expenses for the three months ended March 31, 2019 are as follows:

Cost of gas and electricity	\$	7,135
Selling cost		132
Personnel		372
Professional fees		409
Occupancy		2
Office and other expenses		80
	\$	8,130
Reported as		
Cost of sales	\$	7,135
Selling		76
General and administrative		919
	\$	8,130

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

5. Credit facility

On November 20, 2013, Gas & Power entered into agreements with Shell Energy under which Shell Energy will supply energy, credit support, and environmental commodities to Gas & Power in multiple North American natural gas and power retail markets.

The commodity supply agreements allow for Shell Energy to provide Gas & Power with wholesale electricity, natural gas, carbon offsets, and renewable energy credits in Canada and six US states, namely Connecticut, New York, Pennsylvania, Illinois, Massachusetts and Ohio.

Under the credit facility agreements Shell Energy has provided Gas & Power credit arrangements for its Canadian and U.S. operations. Under the Canadian revolving credit facility Shell Energy provides Gas & Power with advances of up to \$1,000 for commodity purchases and financial derivatives and related services. Interest is payable on outstanding advances at 4% plus the greater of: (i) 3% or (ii) LIBOR. Under the U.S. revolving credit and collateral credit facilities Shell Energy provides Gas & Power with advances of up to US\$15,000 for commodity purchases, certain working capital uses, collateral security support and financial derivatives and related services. Interest is payable on outstanding advances under the revolving credit facility at 4% plus the greater of: (i) 3% or (ii) LIBOR, and under the collateral credit facility at 4% plus the greater of: (i) 4% or (ii) LIBOR. On March 31, 2020, LIBOR was 1.45% (December 31, 2019 – 1.91%). An additional interest rate penalty of 0.50% applies to all facilities in the event that Gas & Power were to be in default of certain financial covenants. Interest is repayable in the month following the month that advances were made. Principal on the revolving credit facility is repayable in the month following the month that advances were made. Principal on the collateral credit facility is repayable by November 20, 2018. No further advances can be made after November 20, 2018. While reserving its rights under the agreements, including repayment of all amounts due, Shell Energy has agreed to continue to perform under the terms of the agreements until the completion of the sale of U.S. Gas & Power to C Wave Power & Gas Inc. See note 15 for additional information. On March 5, 2019, Gas & Power and Shell Energy entered into an agreement (“Payoff Agreement”) which terminated the agreements underlying the U.S. revolving credit and collateral credit facilities and settled all amounts due under these agreements. The Payoff Agreement did not terminate the Canadian revolving credit facility but highlighted that the underlying agreements to the Canadian revolving facility would continue in full force until such time as they are terminated. On December 1, 2020, Gas & Power and Shell Energy entered into an agreement (“Canadian Termination Agreement”) which terminated the agreements underlying the Canadian revolving credit and collateral credit facilities and settled all amounts due under these agreements.

The agreements are secured by a general security agreement and a pledge of Gas & Power’s assets and subject to certain covenant restrictions. As at March 31, 2020, Gas & Power was non-compliant with two covenants in the Shell credit agreements, however no amounts were outstanding under any credit facility.

In 2019 and 2020, no advances were drawn on the Canadian credit facilities. Under the Canadian credit facilities, a total of \$1,000 (December 31, 2019 - \$1,000) was available to be drawn. Interest is provided at 8.0% per annum on the collateral credit facility plus an interest penalty of 0.5%; and at 7.0% per annum on the revolving credit facility plus an interest penalty of 0.5%.

As partial consideration for entering into the agreements above, Gas & Power agreed to provide Shell Energy with a “participation” payment based upon the performance of Gas & Power during the term of the agreements. A participation payment is payable to Shell Energy upon Gas & Power reaching certain milestones such as customer count thresholds, an acquisition of control of Gas & Power, a disposition of Gas & Power’s assets or a material public share issuance by Gas & Power or the Company. The payment is based on a certain percentage of Gas & Power’s equity value at the time of the triggering event. The payment, if and when triggered, is a one-time event. For clarity, the calculation of the payment is based on Gas & Power’s equity value at the time of the triggering event, and not upon the equity value of the Company. A participation payment of US\$91 was recorded upon the occurrence of a triggering event in March 2019 as a transaction cost on closing the C Wave Transaction. See note 15 for additional information. No participation payment was required under the Canadian Termination Agreement.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

6. Advances from Cricket Energy Holdings Inc.

The advances from Cricket Energy Holdings Inc. are unsecured, non-interest bearing and due on demand.

7. Promissory note payable

As at	March 31, 2020	December 31, 2019
Principal	\$ 3,419	\$ 3,367
Accrued interest payable	393	296
	\$ 3,812	\$ 3,663

During 2018, the Company entered into agreements to issue \$1,402 of promissory notes (the "Promissory Notes"). The Promissory Notes are unsecured, bear interest at 10% or 12% per annum, matured on April 30, 2019 and are now due on demand. The principal and corresponding interest on \$30 of the Promissory Notes were repaid in August 2018. During 2019, the Company entered into agreements to issue an additional \$2,145 of Promissory Notes, including \$530 of due to related party restructured as promissory notes in October 2019. The Promissory Notes are unsecured, bear interest at 10% or 20% per annum, matured on May 31, 2019 or October 31, 2019 and are now due on demand. The principal and corresponding interest on \$150 of the Promissory Notes were repaid in October 2019. During 2020, the Company entered into agreements to issue an additional \$52 of Promissory Notes. The Promissory Notes are unsecured, bear interest at 10% per annum and matured in January 2021 or March 2021 and are now due on demand. Included in the Promissory Notes is \$1,790 advanced by the Chairman of the Board of Directors (the "Chairman").

8. Note payable to C Wave Power & Gas Inc.

As at	March 31, 2020	December 31, 2019
Principal	\$ 980	\$ 897
Accrued interest payable	33	24
	\$ 1,013	\$ 921

On October 4, 2018, the Company announced that it entered into a definitive agreement with C Wave Power & Gas Inc. ("C Wave"), under which C Wave will acquire U.S. Gas & Power (the "C Wave Transaction") for cash consideration of US\$3,600 plus working capital and other customary post-closing adjustments.

The Company closed its sale of U.S. Gas & Power to C Wave on March 4, 2019, resulting in a note payable of US\$691 to C Wave after working capital adjustments, repayment of the Shell Credit Facility and other adjustments pursuant to the terms of the definitive agreements under the C Wave Transaction; see note 15 for additional information. The note payable to C Wave is unsecured, bears interest at a rate equal to the Applicable Federal Rate, which was 2.72% per annum, matured on January 14, 2020 and is now due on demand. The Applicable Federal Rate is the Internal Revenue Service published rate under the Internal Revenue Code of the United States.

9. Share capital

(a) Authorized

Unlimited Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Common Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

(b) Issued and outstanding

Shares (in thousands)	Common Shares	
Balance, as at March 31, 2020 and December 31, 2019	23,975	\$ 39,236

(c) Stock option plans

On July 9, 2013, the Board approved the 2013 Stock Option Plan ("2013 Plan"). Details of the stock options transactions are as follows:

	Weighted average remaining contractual life	Number of options (in thousands)	Weighted average exercise price
Outstanding as at January 1, 2020	3.78	633	\$ 1.26
Granted		-	-
Forfeited		(7)	0.60
Outstanding as at March 31, 2020	3.51	626	\$ 1.26
Exercisable as at December 31, 2019	3.78	633	1.26
Exercisable as at March 31, 2020	3.51	626	\$ 1.26

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the three months ended March 31, 2020.

(d) Income (loss) per share

Three month periods ended March 31	2020	2019
Loss from continuing operations	\$ (410)	\$ (237)
Income (loss) attributable to shareholders	\$ (410)	\$ 2,224
Weighted average number of shares outstanding (in thousands)	23,975	23,975
Basic and diluted loss per share from continuing operations	\$ (0.02)	\$ (0.01)
Basic and diluted income (loss) per share attributable to shareholders	\$ (0.02)	\$ 0.09

Basic income (loss) per share is calculated by dividing the total loss by the weighted average number of shares outstanding during the period. Outstanding stock options, as at March 31, 2020, of 626 (March 31, 2019 – 650) and Deferred Share Units ("DSUs"), as at March 31, 2020, of 716 have not been factored into the calculation as they are considered anti-dilutive. DSUs of 716, as at March 31, 2019, have been factored into the calculation.

(e) Deferred share unit plan

The Company awarded no DSUs to a director during the three months ended March 31, 2020 (three months ended March 31, 2019 – 50).

DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company.

	Deferred share unit (in thousands)	Weighted average grant price
Outstanding as at January 1, 2020	716	\$ 0.35
Granted	-	-
Outstanding as at March 31, 2020	716	\$ 0.35

During the three months ended March 31, 2020 the Company recorded compensation expense of \$NIL (three months ended March 31, 2019 – a recovery of compensation expense of \$101) related to the DSUs granted. As at March 31, 2020, a liability of \$43 (December 31, 2019 – \$43) related to the DSUs granted is included in accounts payable and accrued liabilities.

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

10. Segment disclosure

The Company has chosen to organize the entity around differences in products and service. Substantially all of its revenue was derived from the Gas & Power business segment. The balance of revenue was derived from the Energy Efficiency business which does not meet the quantitative thresholds to be disclosed as a separate reportable segment. The revenue for the Energy Efficiency business is disclosed under Corporate & Others.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the unaudited interim condensed consolidated financial statements. The Company is not considered to have any key customers.

For the three months ended March 31, 2020

	Corporate		
	Gas & Power	and Others	Consolidated
Revenue	\$ -	\$ -	\$ -
Cost of sales	-	2	2
Gross margin	-	(2)	(2)
Selling	-	-	-
General and administrative	-	202	202
Loss before the undernoted	-	(204)	(204)
Finance income	-	1	1
Finance cost	-	(106)	(106)
Foreign exchange loss	-	(101)	(101)
Loss for the period	\$ -	\$ (410)	\$ (410)

For the three months ended March 31, 2019

	Corporate		
	Gas & Power	and Others	Consolidated
Revenue	\$ -	\$ 81	\$ 81
Cost of sales	-	1	1
Gross margin	-	80	80
Selling	-	26	26
General and administrative	-	226	226
Loss before the undernoted	-	(172)	(172)
Finance cost	-	(58)	(58)
Foreign exchange loss	-	(7)	(7)
Loss from continuing operations	-	(237)	(237)
Discontinued operations (note 4)	2,461	-	2,461
Income (loss) for the period	\$ 2,461	\$ (237)	\$ 2,224

Geographic information

Revenue from total operations from external customers:

Periods ended March 31	2020	2019
Canada	\$ -	\$ 652
United states	-	6,104
	\$ -	\$ 6,756

ONEnergy Inc.

Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2020

11. Expenses

Three month periods ended March 31	2020	2019
Cost of gas and electricity	\$ 2	\$ -
Cost of equipment sales	-	1
Selling cost	5	6
Personnel	103	99
Professional fees	56	8
Occupancy	-	42
Office and other expenses	38	68
Depreciation and amortization	-	29
	\$ 204	\$ 253

Three month periods ended March 31	2020	2019
Reported as		
Cost of sales	\$ 2	\$ 1
Selling	-	26
General and administrative	202	226
	\$ 204	\$ 253

12. Supplemental cash flow information

Change in non-cash operating assets and liabilities consist of the following:

Three month periods ended March 31	2020	2019
Other receivables	\$ 8	\$ 22
Natural gas delivered in excess of consumption	2	-
Prepaid expenses and deposits	(2)	26
Accounts payable and accrued liabilities	94	(589)
Impact of adopting IFRS 16	-	131
	\$ 102	\$ (410)

13. Commitments and contingencies

(a) Contingencies

(i) Statement of Claim by Norton Rose Fulbright LLP:

On August 30, 2018, the Company was served with a Statement of Claim ("NRF Claim") filed in the Ontario Superior Court of Justice by Norton Rose Fulbright Canada LLP ("Norton Rose") claiming damages of \$775 in connection with the provision of legal services, advice and representation ("Legal Services") to ONEnergy.

Norton Rose remitted invoices to the Company for Legal Services of which approximately \$775 remain unpaid. The Company has recorded the invoices as normal course trade payables when received and as such the entire amount of the NRF Claim is reflected in the Company's current liabilities under accounts payable and accrued liabilities.

On January 9, 2019, the parties entered into a settlement agreement whereby ONEnergy would pay \$650 in installments between January 2019 and July 2019. Norton Rose retains its rights to its claim of \$775 under a Consent to Judgement should the Company default on its settlement payments. While the Company did not make the above noted installments during the required period, Norton Rose subsequently agreed to a \$660 settlement amount. The Company has paid all of the amounts due under the settlement agreement.

Norton Rose represented ONEnergy in its claim against the McGoey Defendants (see (ii) Statement of Claim against Gerald McGoey below). The Company received a favourable judgement in its claim, which included an award for legal costs, as discussed below.

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(ii) Statement of Claim against Gerald McGoey:

On June 1, 2017, the Company was granted a judgment against the Company's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants") in the amount of \$5,766 plus legal costs and interest.

On November 14, 2017, the McGoey Defendants made a Proposal under the Bankruptcy and Insolvency Act (the "Proposal"). In connection with the Proposal, the Company filed a Proof of Claim in respect of the amounts owing.

On December 2, 2019, the Ontario Superior Court of Justice approved a settlement agreement between the McGoey Defendants and the bankruptcy trustee (the "Trustee"). On December 17, 2019, the Trustee distributed funds from the estate and the Company received \$490 as its share of proceeds. On July 20, 2020, the Trustee distributed additional funds from the estate and the Company received \$34 as its share of proceeds. The Company expects to receive its share of the remaining proceeds in periodic payments by the end of 2021.

(iii) In the normal course of its operations, the Company may be subject to other litigation and claims.

(iv) The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

14. Financial instruments and risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies by the Company's management. Periodically throughout the year, the Board of Directors receive reports from the Company's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Company is minimal.

The Company's maximum assessed exposure to credit risk, as at March 31, 2020 and December 31, 2019, is the carrying value of its other receivables.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, and debt repayments under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

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In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, credit facility, advances from Cricket, promissory note payable, note payable to C Wave Power & Gas Inc., lease liability and commitments.

Derivative financial instruments

The Company had fixed-for-floating electricity swaps and gas and electricity forward contracts that were considered financial instruments.

Change in fair value of derivative instruments:

Three month periods ended March 31	2020		2019	
Physical electricity forward contracts	\$	-	\$	(1,031)
Natural gas forward contracts		-		31
	\$	-	\$	(1,000)

Fair Values

IFRS 7, *Financial Instruments: Disclosures* requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following tables illustrates the classification of financial assets / (liabilities) in the FV hierarchy.

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	\$ 276	\$ -	\$ -	\$ 276
Restricted cash	38	-	-	38
Other receivables	-	3	-	3
Lease receivable	-	81	-	81
Financial liabilities				
Accounts payable and accrued liabilities	-	(1,857)	-	(1,857)
Advances from Cricket Energy Holdings Inc.	-	(208)	-	(208)
Lease liability	-	(113)	-	(113)
Promissory note payable	-	(3,812)	-	(3,812)
Note payable to C Wave Power & Gas Inc.	-	(1,013)	-	(1,013)
	\$ 314	\$ (6,919)	\$ -	\$ (6,605)

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	\$ 351	\$ -	\$ -	\$ 351
Restricted cash	38	-	-	38
Other receivables	-	11	-	11
Lease receivable	-	101	-	101
Financial liabilities				
Accounts payable and accrued liabilities	-	(1,763)	-	(1,763)
Advances from Cricket Energy Holdings Inc.	-	(208)	-	(208)
Lease liability	-	(141)	-	(141)
Promissory note payable	-	(3,663)	-	(3,663)
Note payable to C Wave Power & Gas Inc.	-	(921)	-	(921)
	\$ 389	\$ (6,584)	\$ -	\$ (6,195)

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Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

- (i) discount for lack of marketability up to 1.5%. Discount for lack of marketability represents the amounts the Company has determined that market participants would take into account when pricing these derivative instruments;
- (ii) discount for counterparty non-performance risk in the range of 0.19% to 0.34%; and
- (iii) discount rate of 7%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the periods ended:

Three month periods ended March 31	2020	2019
Balance, beginning of period	\$ -	\$ 966
Gains (losses)	-	9
Settlements	-	(1,026)
Balance, end of period	\$ -	\$ (51)

Classification of financial assets and liabilities

As at March 31, 2020 and December 31, 2019 the carrying value of cash, restricted cash, other receivables, lease receivable, accounts payable and accrued liabilities, credit facility, advances from Cricket Energy Holdings Inc., lease liability, promissory note payable and note payable to C Wave Power & Gas Inc. approximates their fair value due to their short-term nature.

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its floating rate credit facility. The Company's exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not believe that it is exposed to material interest rate risk. The floating rate credit facility was terminated on December 1, 2020.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure primarily as a result of the Company's U.S. operations, which the Company sold in March 2019.

ONEnergy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged. With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the three months ended March 31, 2019, assuming that all the other variables had remained constant, comprehensive income would have been \$92 higher/lower.

15. Sale of U.S. Gas & Power Business

On October 4, 2018, the Company announced that it entered into a definitive agreement with C Wave, under which C Wave will acquire U.S. Gas & Power (the "C Wave Transaction") for cash consideration of US\$3,600 plus working capital and other customary post-closing adjustments.

C Wave will acquire all the outstanding common shares of Sunwave USA Holdings Inc., which together with its subsidiaries, forms U.S. Gas & Power. The U.S. Gas & Power business comprises the Company's U.S. energy retailer business with electricity customers in Connecticut, Pennsylvania, Massachusetts and Ohio.

On March 21, 2019, the Company announced the close of the C Wave Transaction as of the close of business on March 4, 2019. After working capital adjustments, repayment of the Shell Credit Facility and other adjustments pursuant to the terms of the definitive agreements under the C Wave transaction, the C Wave Transaction resulted in a note payable to C Wave of US\$691 plus accrued interest. See note 8 for additional information.

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16. Restructuring Charges

During the second quarter of 2019, the Company exited and sublet its premises at 155 Gordon Baker Road in Toronto, Ontario, Canada. A nominal gain was recorded on the disposal of the right-of-use asset related to the lease and the recognition of the net investment in the sublease. A loss of \$106 was recognized on the disposal of the leasehold improvements and office furniture and equipment.

Severances of \$301 related to the Gas & Power business, the Energy Efficiency business and the exit of the premises at 155 Gordon Baker Road were recognized during the first and second quarter of 2019.

17. Subsequent Events

(a) Non-convertible debt financing

During the remainder of 2020, the Company entered into the following financing transactions:

- \$786 of additional Promissory Notes were issued to the Chairman, bearing interest at 10% per annum;
- \$405 of principal and \$141 of interest on Promissory Notes were repaid to third parties.

During 2021, the Company entered into the following financing transactions:

- \$100 of additional Promissory Notes were issued to the Chairman, bearing interest at 10% per annum.

18. COVID-19

The outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. As a result, global equity markets have experienced significant volatility and weakness. Accordingly, it is not possible to reliably estimate the length and severity of these developments and its impact on the financial results and condition of the Company and its ability to finance its operations.