Audited Consolidated Financial Statements of

ONEnergy Inc.

As at and for the year ended December 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of ONEnergy Inc. (the "Company") and its subsidiaries and all the information in the Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Company's financial position, financial performance and cash flows. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Company is responsible for the internal controls that provides reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit and Corporate Governance Committee (the "Audit Committee").

The Audit Committee meets periodically with management, as well as with external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. BDO Canada LLP has full and free access to the Audit Committee.

(Signed) – *Stephen J.J. Letwin*
Stephen J.J. Letwin
Chairman

(Signed) – *Ray de Ocampo*
Ray de Ocampo
Chief Financial Officer

March 3, 2021

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Independent Auditor's Report

To the Shareholders of ONEnergy Inc.

Opinion

We have audited the consolidated financial statements of ONEnergy Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has an accumulated deficit of $46,821, including a total loss of $2,274 for the year ended December 31, 2019, excluding a $4,208 gain on disposal of net assets. These conditions, along with other matters disclosed in Note 1 of the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis of Financial Condition and Results of Operations as at and for the year ended December 31, 2019 filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

We obtained the Management Discussion and Analysis of Financial Condition and Results of Operations as at and for the year ended December 31, 2019 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Crolla.

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 3, 2021

ONEnergy Inc.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at December 31	Note	**2019**	2018
Assets			
Current assets			
Cash		**$ 351**	$ 55
Restricted cash		**38**	-
Accounts and other receivables	6	**11**	62
Natural gas delivered in excess of consumption		**2**	-
Prepaid expenses and deposits		**42**	33
Current portion of lease receivable	4	**80**	-
		524	150
Assets classified as held for sale	8	**-**	14,152
		524	14,302
Non-current assets			
Lease receivable	4	**21**	-
Property and equipment	7	**-**	131
Total assets		**$ 545**	$ 14,433
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities	9	**$ 1,763**	$ 2,505
Advances from Cricket Energy Holdings Inc.	8	**208**	78
Current portion of lease liability		**112**	-
Promissory note payable	11	**3,663**	1,385
Due to related party	12	**-**	450
Note payable to C Wave Power & Gas Inc.	13	**921**	-
		6,667	4,418
Liabilities relating to assets classified as held for sale	8	**-**	18,018
		6,667	22,436
Non-current liabilities			
Lease liability		**29**	-
		6,696	22,436
Shareholders' deficiency			
Share capital	14	**39,236**	39,236
Contributed surplus		**1,434**	1,426
Accumulated other comprehensive income		**-**	90
Deficit		**(46,821)**	(48,755)
		(6,151)	(8,003)
Total liabilities and shareholders' deficiency		**$ 545**	$ 14,433

Commitments and contingencies (note 20)

Going concern (note 1)

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

Approved by the Board of Directors:

(Signed) – *Stephen J.J. Letwin*
Director

(Signed) – *Lawrence Silber*
Director

ONEnergy Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Years ended December 31	Note		**2019**		2018
Continuing Operations					
Revenue	15	**$**	**74**	$	195
Cost of sales	15,16		**6**		153
Gross margin			**68**		42
Expenses					
Selling	16		**74**		501
General and administrative	16		**850**		556
			924		1,057
Loss before the undernoted			**(856)**		(1,015)
Other gains (expenses)					
Finance income			**3**		36
Finance cost			**(271)**		(323)
Foreign exchange gain (loss)			**23**		(27)
Legal settlement	20		**490**		-
Loss on disposal of property and equipment			**(92)**		-
			153		(314)
Loss from continuing operations			**(703)**		(1,329)
Discontinued Operations					
Income (loss) from discontinued operations	8		**2,637**		(6,018)
Total income (loss)			**1,934**		(7,347)
Other comprehensive income (loss)					
Unrealized gain (loss) on translation of foreign operations, classified as discontinued operations			**135**		(228)
Reclassification of realized gain on translation of foreign operations sold, classified as discontinued operations			**(225)**		-
Other comprehensive loss			**(90)**		(228)
Total comprehensive income (loss)		**$**	**1,844**	$	(7,575)
Loss per share from continuing operations					
Basic and diluted	14	**$**	**(0.03)**	$	(0.06)
Income (loss) per share attributable to shareholders					
Basic and diluted	14	**$**	**0.08**	$	(0.31)
Weighted average number of shares outstanding					
Basic and diluted (in thousands)	14		**23,975**		23,975

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

ONEnergy Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(In thousands of Canadian dollars)

	Share capital (note 14)				Accumulated other	
	Shares	Amount	Deficit	Contributed surplus	comprehensive income	Shareholders' deficiency
Balance as at January 1, 2018	23,975	$ 39,236	$ (41,408)	$ 1,370	$ 318	$ (484)
Total loss for the year	-	-	(7,347)	-	-	(7,347)
Other comprehensive loss	-	-	-	-	(228)	(228)
Stock compensation (note 14)	-	-	-	56	-	56
Balance as at December 31, 2018	**23,975**	**$ 39,236**	**$ (48,755)**	**$ 1,426**	**$ 90**	**$ (8,003)**
Balance as at January 1, 2019	23,975	$ 39,236	$ (48,755)	$ 1,426	$ 90	$ (8,003)
Total income for the year	-	-	1,934	-	-	1,934
Other comprehensive loss	-	-	-	-	(90)	(90)
Stock compensation (note 14)	-	-	-	8	-	8
Balance as at December 31, 2019	**23,975**	**$ 39,236**	**$ (46,821)**	**$ 1,434**	**$ -**	**$ (6,151)**

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

ONEnergy Inc.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years ended December 31	Note	**2019**	2018
Cash flows from the following:			
Operating activities			
Loss from continuing operations		**$ (703)**	$ (1,329)
Items not affecting cash			
Depreciation of property and equipment		**44**	69
Amortization of intangible assets		**-**	1
Loss on disposal of property and equipment		**92**	-
Finance costs		**271**	323
Stock based compensation	14	**8**	56
Cash flows provided by (used in) operating activities of discontinued operations		**(3,687)**	5,753
Change in non-cash operating assets and liabilities	17	**(571)**	(3,013)
Cash provided by (used in) operating activities		**(4,546)**	1,860
Investing activities			
Increase in restricted cash		**(38)**	-
Proceeds from disposal of property and equipment		**111**	-
Increase in lease receivable		**(101)**	-
Cash flows provided by (used in) investing activities of discontinued operations		**(5,739)**	12,096
Cash provided by (used in) investing activities		**(5,767)**	12,096
Financing activities			
Finance costs recovered (paid)		**35**	(208)
Increase (decrease) in advances from Cricket Energy Holdings Inc.		**130**	(3,400)
Repayment of convertible note payable		**-**	(1,285)
Proceeds from promissory note payable	11	**1,465**	1,169
Proceeds from due to related party	12	**80**	450
Repayment of lease liability		**(106)**	-
Cash flows provided by (used in) financing activities of discontinued operations		**9,235**	(10,959)
Cash provided by (used in) financing activities		**10,839**	(14,233)
Effect of foreign currency translation		**(230)**	64
Increase (decrease) in cash		**296**	(213)
Cash, beginning of year		**55**	268
Cash, end of year		**$ 351**	$ 55

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

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 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; and
(b) Sunwave Home Comfort Inc. (referred to as "Home Comfort"), until it was sold effective November 30, 2018.

References to the Company and/or its various subsidiaries include ONEnergy, Gas & Power, Home Comfort 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.

ONEnergy operates in the Gas & Power, Home Comfort 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 8(b) for additional information. The Company's Home Comfort business was classified as held for sale as at December 31, 2017 and was sold effective November 30, 2018; see note 8(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 8, 2021, the Company received notice from the Exchange that the listing of the Company's common shares will be transferred, effective February 10, 2021, to the NEX as a result of the Company's failure to meet 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 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.

The Cease Trade Order affects all securities of the Company and will remain in effect until such time as the Company has filed its Annual Filings for 2019 and its interim period filings for 2020.

These consolidated financial statements were approved for issue by the Board of Directors on March 3, 2021.

Basis of presentation and going concern

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except per share amounts. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the initial accounting for business acquisitions and for certain financial assets and liabilities which are stated at fair value.

The 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 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 December 31, 2019, the Company has an accumulated deficit of $46,821 (December 31, 2018 - $48,755), including a total loss of $2,274 for the year ended December 31, 2019, excluding a $4,208 gain on disposal of net assets (total loss of $7,347 for the year ended December 31, 2018). 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.

2. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB").

Principles of consolidation

The 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. For any new acquisitions, the results of operations are reflected from the dates of acquisition.

Cash

Cash is held with financial institutions. At any time, cash in banks may exceed federally insured limits.

Restricted cash

Restricted cash is pledged as collateral for issued letters of credit posted with State regulatory entities, independent system operators, local distribution companies ("LDCs"), or other counterparties as required collateral in order to operate in certain markets or for other financial assurance programs.

Accounts receivable

The Company delivers gas and electricity to its customers through LDCs, many of which guarantee amounts due from customers for consumed gas or electricity. Accounts receivable include amounts due for gas or electricity consumed by customers.

The Company primarily operates in LDC markets which have purchase of receivables ("POR") programs in place under which the LDCs assume the credit risk associated with the customer billings. Consequently, in these markets, the Company's exposure to credit risk concentration is limited primarily to those LDCs that collect and remit receivables to the Company.

The Company delivers and installs high efficiency lighting and other energy efficiency services to customers. Accounts receivable include amounts due for high efficiency lighting and other services delivered to customers.

Natural gas delivered in excess of consumption/ Payments received in advance of consumption

Natural gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Property and equipment

Property and equipment are initially recognized at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and capitalized borrowing costs.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Estimated useful lives
Computer hardware	Straight line	2-3 years
Office furniture and equipment	Straight line	5 years
Leasehold improvement	Straight line	Term of lease
Right-of-use lease assets	Straight line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Intangible assets

Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of income (loss) in selling expense and general and administrative expense.

Intangible assets primarily consist of computer software.

Estimated useful lives are as follows:

Asset category	Amortization method	Estimated useful lives
Computer software	Straight line	3 years

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the net fair value of the identifiable assets acquired and liabilities assumed including non-controlling interest. Any negative difference is recognized as a gain directly in the consolidated statement of comprehensive income (loss). If the fair values of the assets, liabilities and non-controlling interest can only be calculated on a provisional basis the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

Goodwill is considered to have an indefinite useful life and is not amortized, but rather is tested annually for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Leases

The Company's accounting policies subsequent to January 1, 2019 for leases are set out in note 4(a).

Prior to January 1, 2019, the Company accounted for leases by applying the provisions of IAS 17, *Leases* which are summarized as follows:

As lessee

Leases entered into by the Company as lessee that transfer substantially all the benefits and risks of ownership to the Company are record as finance leases and are included in property and equipment and obligations under finance leases. Obligations under finance lease are reduced by lease payments net of imputed interest. All other leases are classified as operating leases under which lease payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease cost, over the term of the lease.

As lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership are classified as operating leases. Direct costs associated with initializing the operating lease are added to the carrying amount of the rental equipment and recognized over the term of the lease.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its finite life non-financial assets, including property and equipment and finite life intangible assets to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU"). Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have

been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the Company's financial instrument management objectives and the instrument's characteristics. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any financial assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortized cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognized based on the simplified approach within IFRS 9, *Financial Instruments* using a provision matrix in the determination of the lifetime expected credit losses. Under this approach, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from potential default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within cost of sales in the consolidated statement of comprehensive loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's financial assets are classified and measured as follows:

Financial asset	Classification
Cash	Amortized cost
Restricted cash	Amortized cost
Accounts and other receivables	Amortized cost
Lease receivable	Amortized cost
Energy derivative financial assets	Fair value through profit or loss

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the Company's financial instrument management objectives and the instrument's characteristics. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. The Company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these energy derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

The credit facility, promissory note payable and note payable to C Wave Power & Gas Inc. are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The Company’s financial liabilities are classified and measured as follows:

Financial liability	Classification
Accounts payable and accrued liabilities	Other financial liabilities
Payments received in advance of consumption	Other financial liabilities
Credit facility	Other financial liabilities
Advances from Cricket Energy Holdings Inc.	Other financial liabilities
Lease liability	Other financial liabilities
Promissory note payable	Other financial liabilities
Due to related party	Other financial liabilities
Note payable to C Wave Power & Gas Inc.	Other financial liabilities
Derivative financial liabilities	Fair value through profit or loss

Revenue Recognition

Revenue is recognized in a method that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Gas & Power

The performance obligation is the provision of gas and electricity to customers, which is satisfied over time throughout the contract term based on the units of gas and electricity delivered to the customer. As a practical expedient, revenue is recognized in the amount to which the Company has a right to invoice, since the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

Natural gas delivery is based on estimated customer historical usage and is regularly reconciled to determine if customers consumed more gas than has been delivered or if consumption is less than has been delivered. Gas delivered in excess of consumption by customers is recognized as an asset at the lower of cost and net realizable value. Gas delivered less than consumption by customers is recognized as accrued gas payable at amortized cost. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

For electricity, consumption for a reporting period is estimated based on historical usage rates by that customer at their agreed upon selling price. Upon receipt of customer billing information from the LDC, estimated consumption is reconciled to actual usage, with any change from estimates recorded in a subsequent period.

The Company pays commissions to brokers to secure multi-year contracts with commercial customers in the U.S. Gas & Power business. The commissions are calculated based on the actual volume of electricity consumed by the customer multiplied by the negotiated commission rate. Accordingly, these commissions are expensed when incurred as they relate to past performance.

Home Comfort

For sales of HVAC equipment, the performance obligation is satisfied when the equipment is delivered and installed. Therefore, for sales of HVAC equipment, revenue is recognized when installation is complete and accepted by the customer. Revenue from the rental of HVAC equipment is recognized straight line based on rental rates over the term commencing from the installation date, in accordance with IAS 17, *Leases*.

Energy Efficiency

The performance obligation is satisfied when the products are delivered and the customer accepts the solution. Therefore, for supply-only contracts, revenue is recognized on delivery of the LED lights or battery to the customer, and for supply-and-install contracts, revenue is recognized when the customer has approved the completed project.

Certain contracts may contain distinct performance obligations that are satisfied over time instead of at a point in time. However, there is an insignificant impact to any period given the short-term nature of the projects.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's US based Gas & Power operations is the US dollar. The functional currency of the Company's Canadian based Gas & Power, Home Comfort and Energy Efficiency operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the parent Company's presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss).

Translation of foreign operations

The results and consolidated financial position of all the subsidiary entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income (loss) are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the foreign operations are recorded to other comprehensive income (loss). On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in equity, are reclassified from equity to the statement of income (loss).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options and deferred share units, if dilutive.

Share-based compensation plans

Stock option plans

ONEnergy accounts for its share-based options compensation as equity-settled transactions. The cost of share-based options compensation is measured by reference to the fair value at the date on which it was granted. Options awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and ONEnergy's best estimate of the number of shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Deferred share unit plan

Non-executive directors are eligible to receive part or all of their quarterly directorship fees in deferred share units ("DSUs"). DSUs are expensed on the date of grant since they vest immediately, although they are not payable until a director's separation date. 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. The DSUs are classified as a liability once vested, and are re-measured to fair value at each reporting date and included in accounts payable and accrued liabilities. Fair value is based on the number of units vested and the underlying price of the Company's shares. The DSUs are governed by the provisions of the Company's Deferred Share Unit Plan.

Equity transaction costs

Transaction costs incurred by the Company in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries, branches and associates, and interest in joint ventures where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income (loss). Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

3. Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the consolidated financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of energy consumed but not yet billed, based on usage data available, multiplied by the current customer average sales price per unit.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present

obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

In assessing the value of goodwill or other non-financial assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets, goodwill and other non-financial assets.

4. Accounting policy developments

(a) Accounting standards applied in the reporting period

IFRS 16, *Leases*. Effective January 1, 2019, IFRS 16 replaced IAS 17, *Leases* and IFRIC 4, *Determining whether an Arrangement Contains a Lease*. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilized

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36, *Impairment of Assets* as at the date of initial application; and
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Company recognized a right-of-use asset and lease liability in relation to a lease of office space which had previously been classified as an operating lease.

The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 5%.

The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at January 1, 2019:

	January 1, 2019
Right-of-use asset	$ 116
Accounts payable and accrued liabilities	131
Lease liability	(247)

Included in profit or loss for year ended December 31, 2019 was $19 of amortization of right-of-use asset and $9 of finance expense on lease liability. Short-term leases included in profit or loss for the year ended December 31, 2019 were $21. There was a nominal amount of low-value leases included in profit and loss for the year ended December 31, 2019.

The following table reconciles the minimum lease commitments disclosed in the Company's December 31, 2018 annual financial statements to the amount of lease liability recognized on January 1, 2019:

	January 1, 2019
Minimum operating lease commitment at December 31, 2018	$ 365
Less: short-term leases not recognized under IFRS 16	(104)
Less: low value leases not recognized under IFRS 16	-
Undiscounted lease payments	261
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(14)
Lease liability recognized at January 1, 2019	247

Significant Accounting Policies Subsequent to Transition

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

During the second quarter of 2019, the Company exited and sublet its premises at 155 Gordon Baker Road in Toronto, Ontario, Canada. The sublease was accounted for as a finance lease and a nominal gain was recorded on the disposal of the right-of-use asset related to the lease. The net investment in the sublease was measured at the discount rate used for the head lease.

As at December 31	**2019**	2018
Lease receivable	**$ 101**	$ -
Less: current portion	**(80)**	-
	$ 21	$ -

5. 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.

6. Accounts and other receivables

Accounts and other receivables are set out in the following table:

As at December 31	**2019**	2018
Trade receivables	**$ -**	$ 35
Other receivables	**11**	27
Total	**$ 11**	$ 62

7. Property and equipment

As at December 31, 2019

	Computer hardware	Office furniture and equipment	Leasehold improvement	Right-of-use lease building	Total property and equipment
Cost					
Balance at January 1, 2019	$ 95	$ 186	$ 401	$ -	$ 682
Additions	-	-	-	116	116
Disposals and write-downs	(6)	(186)	(401)	(116)	(709)
Balance at December 31, 2019	**89**	**-**	**-**	**-**	**89**
Accumulated depreciation					
Balance at January 1, 2019	95	178	278	-	551
Depreciation	-	6	19	19	44
Disposals and write-downs	(6)	(184)	(297)	(19)	(506)
Balance at December 31, 2019	**89**	**-**	**-**	**-**	**89**
Net book value					
As at December 31, 2019	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

As at December 31, 2018

	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost				
Balance at January 1, 2018	$ 102	$ 176	$ 401	$ 679
Adjustments	(7)	10	-	3
Balance at December 31, 2018	**95**	**186**	**401**	**682**
Accumulated depreciation				
Balance at January 1, 2018	99	150	226	475
Depreciation	-	17	52	69
Adjustments	(4)	11	-	7
Balance at December 31, 2018	**95**	**178**	**278**	**551**
Net book value				
As at December 31, 2018	**$ -**	**$ 8**	**$ 123**	**$ 131**

8. Discontinued operations

(a) Home Comfort

At December 31, 2017 Home Comfort was classified as held for sale and as a discontinued operation.

The Company announced on November 26, 2018 that it had reached a definitive agreement with Cricket Energy Holdings Inc. ("Cricket") under which Cricket acquired Home Comfort for consideration of $8,445 before customary post-closing adjustments and the assumption of the long-term debt (the "Cricket Transaction"). The Cricket Transaction closed on November 30, 2018.

One of Cricket's significant shareholders is also a shareholder of the Company.

After working capital adjustments, the amount owing to Cricket was $78 as of December 31, 2018 and increased to $208 as of December 31, 2019 as a result of additional advances and repayments. The advances from Cricket are unsecured, non-interest bearing and due on demand.

The results of Home Comfort for the period up to the date of disposal are presented below:

		2018
Revenue	$	2,019
Cost of sales		-
Gross margin		2,019
Expenses		
Selling		(32)
General and administrative		188
		156
Income before the undernoted		1,863
Other expenses		
Finance cost		(657)
Loss on disposal of equipment		(52)
Foreign exchange loss		(1)
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell		(1,134)
		(1,844)
Income from discontinued operations	$	19
Income per share from discontinued operations		
Basic and diluted	$	0.00

The major categories of expenses for the period up to the date of disposal are as follows:

	2018
Cost of equipment sales	$ -
Selling cost	(15)
Personnel	(53)
Professional fees	1
Office and other expenses	223
	$ 156

	2018
Reported as	
Cost of sales	$ -
Selling	(32)
General and administrative	188
	$ 156

(b) 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 23 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 December 31, 2018, 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 years ended December 31, 2018 and 2019.

The results of Gas & Power for the year are presented below:

Years ended December 31	**2019**	2018
Revenue	**$ 7,137**	$ 42,012
Cost of sales	**7,411**	44,557
Gross margin	**(274)**	(2,545)
Expenses		
Selling	**89**	1,681
General and administrative	**1,162**	1,991
	1,251	3,672
Loss before the undernoted	**(1,525)**	(6,217)
Other gains (expenses)		
Change in fair value of derivative instruments (note 22)	**(949)**	581
Finance income	**21**	79
Finance cost	**(80)**	(463)
Foreign exchange gain (loss)	**1**	(17)
Realized foreign exchange gain on disposal of entities	**225**	-
Gain on disposal of net assets	**4,208**	-
Realized gain on settlement of derivative instruments	**736**	-
	4,162	180
Income (loss) from discontinued operations	**$ 2,637**	$ (6,037)
Income (loss) per share from discontinued operations		
Basic and diluted	**$ 0.11**	$ (0.25)

The following table presents Gas & Power's revenue for year ended December 31, 2019 disaggregated by revenue source:

	Canada	United States	Total
Product type:			
Natural gas	$ 497	$ -	$ 497
Electricity	536	6,104	6,640
	$ 1,033	**$ 6,104**	**$ 7,137**
Customer type:			
Residential	$ 616	$ 3,642	$ 4,258
Commercial	417	2,462	2,879
	$ 1,033	**$ 6,104**	**$ 7,137**

The following table presents Gas & Power's revenue for year ended December 31, 2018 disaggregated by revenue source:

	Canada	United States	Total
Product type:			
Natural gas	$ 1,370	$ -	$ 1,370
Electricity	1,425	39,217	40,642
	$ 2,795	**$ 39,217**	**$ 42,012**
Customer type:			
Residential	$ 1,245	$ 18,948	$ 20,193
Commercial	1,550	20,269	21,819
	$ 2,795	**$ 39,217**	**$ 42,012**

The major categories of expenses are as follows:

Years ended December 31		**2019**		2018
Cost of gas and electricity	**$**	**7,411**	$	44,557
Selling cost		**132**		1,035
Personnel		**528**		1,063
Professional fees		**438**		398
Occupancy		**2**		8
Office and other expenses		**151**		1,168
	$	**8,662**	$	48,229

Years ended December 31		**2019**		2018
Reported as				
Cost of sales	**$**	**7,411**	$	44,557
Selling		**89**		1,681
General and administrative		**1,162**		1,991
	$	**8,662**	$	48,229

The major classes of assets and liabilities of Gas & Power classified as held for sale as at December 31, 2018 were:

Assets		
Current assets		
Cash	$	(3)
Restricted cash		7,100
Accounts and other receivables		5,172
Natural gas delivered in excess of consumption		265
Prepaid expenses and deposits		29
Current portion of energy derivatives (note 22)		620
		13,183
Non-current assets		
Energy derivatives (note 22)		423
Goodwill		546
Assets classified as held for sale	$	14,152
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	13,612
Payments received in advance of consumption		200
Credit facility (note 10)		4,129
Current portion of energy derivative (note 22)		68
		18,009
Non-current liabilities		
Energy derivative (note 22)		9
Liabilities directly associated with assets classified as held for sale	$	18,018

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are set out in the following table:

As at December 31		**2019**		2018
Accounts payable	**$**	**1,205**	$	2,163
Accrued liabilities		**558**		342
Total	**$**	**1,763**	$	2,505

10. 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. The agreements can be further expanded to cover additional states as Gas & Power moves into additional deregulated markets for natural gas and electricity.

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 December 31, 2019, LIBOR was 1.91% (December 31, 2018 – 2.81%). 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 23 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 December 31, 2019, Gas & Power was non-compliant with two covenants in the Shell credit agreements, however no amounts were outstanding under any credit facility.

As at December 31, 2018, Gas & Power had $4,129 (US$3,026) outstanding under the U.S. collateral credit facility and $NIL outstanding under the U.S. revolving credit facility. In 2018 and 2019, no advances were drawn on the Canadian credit facilities. Under the U.S. credit facilities, amounts are available in US$5,000 tranches depending on monthly delivered volumes. As at December 31, 2018, a total of US$5,000 was available to be drawn on these facilities. Under the Canadian credit facilities, a total of $1,000 (December 31, 2018 - $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 23 for additional information. No participation payment was required under the Canadian Termination Agreement.

The credit facility was classified to liabilities relating to assets held for sale as at December 31, 2018.

11. Promissory note payable

As at December 31		**2019**		2018
Principal	**$**	**3,367**	$	1,372
Accrued interest payable		**296**		13
	$	**3,663**	$	1,385

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; see note 12 for additional information. 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. Included in the Promissory Notes is $1,790 advanced by the Chairman of the Board of Directors (the “Chairman”).

12. Due to related party

The due to related party is comprised of amounts advanced by the Chairman to the Company. The advances are unsecured and non-interest bearing and had a repayment date of April 30, 2019. $530 of the due to related party was restructured as Promissory Notes in October 2019 with the balance repaid.

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

As at December 31		**2019**		2018
Principal	**$**	**897**	$	-
Accrued interest payable		**24**		-
	$	**921**	$	-

The Company sold U.S. Gas & Power to C Wave Power & Gas Inc. (“C Wave”) as of the close of business 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 23 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 IRS published rate under the Internal Revenue Code of the United States.

14. 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.

(b) Issued and outstanding

Shares (in thousands)	Common Shares	
Balance, as at December 31, 2019 and December 31, 2018	**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, 2018	5.85	662	$	1.24
Granted		-		-
Forfeited		(12)		0.82
Outstanding as at December 31, 2018	4.82	650		1.25
Granted		-		-
Forfeited		(17)		0.94
Outstanding as at December 31, 2019	**3.78**	**633**	**$**	**1.26**
Exercisable as at December 31, 2018	4.79	631		1.27
Exercisable as at December 31, 2019	**3.78**	**633**	**$**	**1.26**

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the years ended December 31, 2019 and December 31, 2018.

(d) Income (loss) per share

Years ended December 31		**2019**		2018
Loss from continuing operations	**$**	**(703)**	$	(1,329)
Income (loss) attributable to shareholders	**$**	**1,934**	$	(7,347)
Weighted average number of shares outstanding (in thousands)		**23,975**		23,975
Basic and diluted loss per share from continuing operations	**$**	**(0.03)**	$	(0.06)
Basic and diluted income (loss) per share attributable to shareholders	**$**	**0.08**	$	(0.31)

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 December 31, 2019, of 633 (December 31, 2018 – 650) and Deferred Share Units ("DSUs"), as at December 31, 2018, of 666 have not been factored into the calculation as they are considered anti-dilutive. DSUs of 716, as at December 31, 2019, have been factored into the calculation.

(e) Deferred share unit plan

The Company awarded 50 DSUs to a director during the year ended December 31, 2019 (2018 – 160). These DSUs vest immediately and expire in February 2029.

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, 2018	506	$	0.42
Granted	160		0.20
Outstanding as at December 31, 2018	666		0.36
Granted	50		0.20
Outstanding as at December 31, 2019	**716**	**$**	**0.35**

During the year ended December 31, 2019 the Company recorded a recovery of compensation expense of $90 (2018 – compensation expense of $32) related to the DSUs granted. As at December 31, 2019, a liability of $43 (December 31, 2018 - $133) related to the DSUs granted is included in accounts payable and accrued liabilities (note 9).

15. Segment disclosure

For the year ended December 31, 2018, the Company reports operations in two reportable segments: Gas & Power and Home Comfort. The Company has chosen to organize the entity around differences in products and service. Substantially all of its revenue for the year ended December 31, 2018 was derived from these two business segments. 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 consolidated financial statements. The Company is not considered to have any key customers.

For the year ended December 31, 2019

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ -	$ -	$ 74	$ 74
Cost of sales	-	-	6	6
Gross margin	-	-	68	68
Selling	-	-	74	74
General and administrative	-	-	850	850
Loss before the undernoted	-	-	(856)	(856)
Finance income	-	-	3	3
Finance cost	-	-	(271)	(271)
Foreign exchange gain	-	-	23	23
Legal settlement	-	-	490	490
Other loss	-	-	(92)	(92)
Loss from continuing operations	-	-	(703)	(703)
Discontinued operations (note 8)	2,637	-	-	2,637
Income (loss) for the year	**$ 2,637**	**$ -**	**$ (703)**	**$ 1,934**

For the year ended December 31, 2018

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ -	$ -	$ 195	$ 195
Cost of sales	-	-	153	153
Gross margin	-	-	42	42
Selling	-	-	501	501
General and administrative	-	-	556	556
Loss before the undernoted	-	-	(1,015)	(1,015)
Finance income	-	-	36	36
Finance cost	-	-	(323)	(323)
Foreign exchange loss	-	-	(27)	(27)
Loss from continuing operations	-	-	(1,329)	(1,329)
Discontinued operations (note 8)	(6,037)	19	-	(6,018)
Income (loss) for the year	**$ (6,037)**	**$ 19**	**$ (1,329)**	**$ (7,347)**

Geographic information

Revenue from total operations from external customers:

Years ended December 31	2019	2018
Canada	**$ 1,107**	$ 5,009
United states	**6,104**	39,217
	$ 7,211	$ 44,226

Non-current assets

There are no significant non-current assets as at December 31, 2019. Non-current assets as at December 31, 2018 consist of energy derivatives, property and equipment, intangible assets and goodwill. A portion of the energy derivatives and goodwill were held in the U.S. until the sale of U.S. Gas & Power; see note 23 for additional information. All other non-current assets are held in Canada.

16. Expenses

Years ended December 31	2019	2018
Cost of equipment sales	**$ 6**	$ 153
Selling cost	**12**	24
Personnel	**518**	738
Professional fees	**189**	469
Litigation costs (note 20(b))	**(208)**	(514)
Occupancy	**93**	212
Office and other expenses	**276**	58
Depreciation and amortization	**44**	70
	$ 930	$ 1,210

Years ended December 31	2019	2018
Reported as		
Cost of sales	**$ 6**	$ 153
Selling	**74**	501
General and administrative	**850**	556
	$ 930	$ 1,210

17. Supplemental cash flow information

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

Years ended December 31	2019	2018
Accounts and other receivables	**$ 51**	$ 619
Inventory	**-**	83
Natural gas delivered in excess of consumption	**(2)**	-
Prepaid expenses and deposits	**(9)**	(10)
Accounts payable and accrued liabilities	**(742)**	(3,705)
Impact of adopting IFRS 16 (note 4(a))	**131**	-
	$ (571)	$ (3,013)

18. Related party transactions

(a) Compensation of key management personnel

The Company's key management personnel are comprised of the Board of Directors and members of the executive team of the Company.

Years ended December 31		**2019**		2018
Salaries, fees, separation payments and short-term employee benefits	**$**	**490**	$	664
Stock-based compensation		**35**		85
	$	**525**	$	749

(b) Promissory note payable

Included in the Promissory Notes is $1,790 advanced by the Chairman. See note 11 for additional information.

(c) Due to related party

The due to related party was comprised of amounts advanced by the Chairman to the Company. See note 12 for additional information.

19. Income taxes

The provision for income taxes differs from the results that would be obtained by applying consolidated Canadian Federal, Provincial (Ontario), U.S. Federal and State statutory income tax rates to profit or loss from continuing operations before income taxes.

This difference results from the following:

Years ended December 31		**2019**		2018
Loss from continuing operations before income taxes	**$**	**(703)**	$	(1,329)
Statutory income tax rate		**26.5%**		26.5%
Income tax recovery at combined Federal and Provincial rates	**$**	**(186)**	$	(352)
Increase (decrease) in income tax resulting from:				
Non-deductible expenses or items not included in income		**(15)**		(885)
Change in unrecognized deferred tax assets		**2,579**		1,414
Impact of Ontario Gas & Power no longer held for sale		**(2,331)**		-
Other		**(47)**		(177)
Income tax expense	**$**	**-**	$	-

Deferred tax assets have not been recognized for the following:

Years ended December 31		**2019**		2018
Non-capital tax loss carry-forwards	**$**	**44,818**	$	43,776
Excess of tax over book basis		**2,851**		1,314
	$	**47,669**	$	45,090

Deferred taxes, in respect of the Company's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	$ 5,555
2029	115,579
2030	5,748
2031	19,992
2032	3,457
2033	4,559
2034	5,265
2035	3,295
2036	85
2037	3,641
2038	1,421
2039	521
	$ 169,118

20. Commitments and contingencies

(a) Commitments

The minimum payments required under the terms of non-cancellable leases are as follows:

December 31, 2018

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 220	$ 145	$ -	**$ 365**
Non-cancellable sublease	(161)	-	-	**(161)**
	$ 59	**$ 145**	**$ -**	**$ 204**

(b) 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.

(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 June 27, 2017, the McGoey Defendants filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act. On November 14, 2017, a proposal (the "Proposal") was filed with the court. In connection with the Proposal, the Company filed a Proof of Claim in respect of the amounts owing.

On November 5, 2018, a motion was heard in the Ontario Superior Court of Justice seeking a declaration that Mr. McGoey's interest in two properties held in joint tenancy with his wife are assets of the estate subject to realization for the benefit of creditors and not held in trust for their children.

On January 4, 2019, the Justice released his decision, concluding that both trusts are void as being sham trusts. The declarations sought by the Trustee were granted and the two properties are considered assets of the estate subject to realization for the benefit of creditors. On February 4, 2019, the Justice awarded $97 for costs.

In May 2019, the estate realized proceeds of $570 as its share on the sale of the first property.

On October 29, 2019, the Trustee, Kathryn McGoey ("Kathryn") and 2271822 Ontario Limited ("227") entered into a settlement agreement ("Settlement Agreement"). Kathryn and 227 had asserted claims against the McGoey Defendants and agreed to not file their claims as part of the Settlement Agreement. In the Settlement Agreement, Kathryn agreed to pay $575 to the Trustee in consideration for: (i) the Trustee transferring its 50% interest in the second property to Kathryn; (ii) the release of accumulated surplus funds garnished from Gerald McGoey; (iii) consent to granting Gerald McGoey an absolute discharge from bankruptcy; and (iv) releases between the parties. The settlement would be paid as follows: (i) $500 on closing; and (ii) $75 by way of 24 consecutive monthly payments of $3.

On December 2, 2019, the Ontario Superior Court of Justice approved the Settlement Agreement. 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.

(v) Gas & Power is subject to a participation payment to Shell Energy upon certain triggering events occurring. 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. No participation payment was due under the Canadian Termination Agreement as no milestones were achieved. See note 10 for additional information.

21. Management of capital

The Company's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. ONEnergy considers capital to be primarily cash, credit facility, promissory note payable and due to related party.

22. 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. As at December 31, 2018, the Company's activities exposed it to a variety of market risks, principally from fluctuating commodity prices in Gas & Power. The Company had established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Company maintained commodity risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings caused by market price volatility. Further details regarding these policies are set out below. As at December 31, 2019 the Company was no longer exposed to such market risks.

Risk management

As at December 31, 2018, the main risks arising from the Company's financial instruments were commodity pricing and mark-to-market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposure that occur in the normal course of business and are managed on a consolidated basis. As at December 31, 2019, the Company was no longer exposed to commodity pricing and mark-to-market risk.

Commodity pricing and mark-to-market risk

As at December 31, 2018, The Company purchased both physical energy commodities, such as natural gas, and financially settled energy instruments such as electricity swap contracts. These commodity products are subject to market fluctuations based upon market supply and demand for such products. The Company experienced fluctuations in the unrealized valuation of its contracts to purchase energy commodities. The Company was also subject to cancellations by customers that may leave the Company with an excess of commodity supply, which may have to be sold into the open market at an indeterminate price. Management actively monitored these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Company's exposure to market risk was affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company entered into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company. As at December 31, 2019, the Company was no longer exposed to commodity pricing and mark-to-market risk.

The fair values of the Company's financial instruments were significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts. The Company had no derivative instruments outstanding at December 31, 2019.

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 accounts and other receivables.

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

The LDCs provided billing & collection services and assumed the risk of any bad debts from customers for a fee. Therefore, the Company received the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. The Company believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote. For Energy Efficiency, the Company received deposits in advance

of performing installations thereby reducing its overall exposure on individual projects, such that the Company is not susceptible to an individually significant write-off.

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 exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Years ended December 31	**2019**	2018
Accounts and other receivables		
Current	**$ 11**	$ 4,888
31- 90 days	**-**	302
Over 90 days	**-**	44
	$ 11	$ 5,234

The Company's maximum assessed exposure to credit risk, as at December 31, 2019 and 2018, is the carrying value of its accounts and 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.

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, payments received in advance of consumption, derivative instruments, credit facility, advances from Cricket, promissory note payable, due to related party, note payable to C Wave Power & Gas Inc., lease liability and commitments. The payments due by period, excluding liabilities relating to assets classified as held for sale, are set out in the following table:

As at December 31, 2019

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 1,763	$ -	$ -	**$ 1,763**
Advances from Cricket Energy Holdings Inc.	208	-	-	**208**
Promissory note payable	3,663	-	-	**3,663**
Note payable to C Wave Power & Gas Inc.	921	-	-	**921**
Lease liability	116	29	-	**145**
	$ 6,671	**$ 29**	**$ -**	**$ 6,700**

As at December 31, 2018

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 2,505	$ -	$ -	**$ 2,505**
Advances from Cricket Energy Holdings Inc.	78	-	-	**78**
Promissory note payable	1,385	-	-	**1,385**
Due to related party	450	-	-	**450**
Commitments	60	145	-	**205**
	$ 4,478	**$ 145**	**$ -**	**$ 4,623**

Derivative financial instruments

As at December 31, 2018, the Company had fixed-for-floating electricity swaps and gas and electricity forward contracts that were considered financial instruments. The fair value of financial instruments is the estimated amount that the Company would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Company estimated the value of these contracts using a discounted cash flow method which employs market forward curves. The market forward curves were sourced from third parties.

At December 31, 2019, the Company did not have any financial instruments classified as fair value through profit and loss.

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 December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 351	$ -	$ -	$ 351
Restricted cash	38	-	-	38
Accounts and 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)**

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 52	$ -	$ -	$ 52
Restricted cash	7,100	-	-	7,100
Accounts and other receivables	-	5,234	-	5,234
Energy derivatives	-	-	1,043	1,043
Financial liabilities				
Accounts payable and accrued liabilities	-	(16,117)	-	(16,117)
Payments received in advance of consumption	-	(200)	-	(200)
Credit facility	-	(4,129)	-	(4,129)
Advances from Cricket Energy Holdings Inc.	-	(78)	-	(78)
Promissory note payable	-	(1,385)	-	(1,385)
Due to related party	-	(450)	-	(450)
Energy derivatives	-	-	(77)	(77)
	$ 7,152	**$ (17,125)**	**$ 966**	**$ (9,007)**

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:

Years ended December 31	**2019**	2018
Balance, beginning of period	**$ 966**	$ 318
Gains (losses)	**-**	889
Purchases	**-**	118
Settlements	**(966)**	(359)
Balance, end of period	**$ -**	$ 966

Classification of financial assets and liabilities

As at December 31, 2019 and December 31, 2018 the carrying value of cash, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, payments in advance of consumption, credit facility, advances from Cricket Energy Holdings Inc., due to related party, 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.

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 as a result of the Company's U.S. operations.

Although the Company is headquartered in Ontario, the majority of the Company's customers and revenues are in the U.S. A material portion of ONEnergy's income is generated in U.S. dollars and will be subject to currency fluctuations. Following the sale of U.S. Gas & Power, the Company's customers and revenues are now entirely in Canada.

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 year ended December 31, 2019, assuming that all the other variables had remained constant, comprehensive income would have been $92 higher/lower (2018 – comprehensive loss $322 lower/higher).

23. Sale of the 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. To satisfy any claims that may arise under the definitive agreement, US$300 of the cash consideration was paid into escrow for an 18-month period following the close of the C Wave Transaction. The proceeds from the C Wave Transaction will be used to repay the Company's credit facility, transaction costs and other liabilities.

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.

The C Wave Transaction required approval from the Exchange, shareholders and other regulatory bodies prior to close. At a Special Meeting of Shareholders held on November 26, 2018 (the "C Wave Special Meeting"), the shareholders approved the C Wave Transaction. The Company received final approval from the Exchange on December 6, 2018 and received approval from the U.S. Federal Energy Regulatory Commission on December 14, 2018.

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, the release of the US$300 in escrow 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 13 for additional information.

24. GaiaCann Transaction

On June 25, 2019, the Company announced it entered into a letter of intent ("GaiaCann LOI") with GaiaCann Inc. ("GaiaCann) that outlined the basic terms and conditions of a proposed reorganization of ONEnergy and a subsequent business combination (the "GaiaCann Transaction") with GaiaCann. Completion of the GaiaCann Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the Exchange.

Negotiations between the Company and GaiaCann did not result in a definitive agreement and the GaiaCann LOI expired on October 15, 2019.

25. 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.

26. Subsequent Events

(a) Non-convertible debt financing

During 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;
- $52 of additional Promissory Notes were issued to third parties, 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.

27. 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. As of the time of filing, 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.