Audited Consolidated Financial Statements of

ONEnergy Inc.

As at and for the year ended December 31, 2020

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

April 29, 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, 2020 and 2019, 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, 2020 and 2019 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 $48,045, including a total loss of $1,224 for the year ended December 31, 2020. 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, 2020 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.

We obtained the Management Discussion and Analysis of Financial Condition and Results of Operations as at and for the year ended December 31, 2020 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
April 29, 2021

ONEnergy Inc.

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

As at December 31	Note		**2020**		2019
Assets					
Current assets					
Cash		**$**	**114**	$	351
Restricted cash			**-**		38
Other receivables	5		**7**		11
Natural gas delivered in excess of consumption			**-**		2
Prepaid expenses and deposits			**33**		42
Current portion of lease receivable	7		**21**		80
			175		524
Non-current assets					
Lease receivable	7		**-**		21
Total assets		**$**	**175**	$	545
Liabilities and Shareholders' Deficiency					
Current liabilities					
Accounts payable and accrued liabilities	9	**$**	**1,996**	$	1,763
Advances from Cricket Energy Holdings Inc.	11		**208**		208
Current portion of lease liability	7		**29**		112
Promissory note payable	12		**4,347**		3,663
Note payable to C Wave Power & Gas Inc.	13		**927**		921
			7,507		6,667
Non-current liabilities					
Lease liability	7		**-**		29
CEBA term loan	14		**43**		-
			7,550		6,696
Shareholders' deficiency					
Share capital	15		**39,236**		39,236
Contributed surplus			**1,434**		1,434
Deficit			**(48,045)**		(46,821)
			(7,375)		(6,151)
Total liabilities and shareholders' deficiency		**$**	**175**	$	545

Commitments and contingencies (note 21)
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		**2020**		2019
Continuing Operations					
Revenue	16	**$**	**1**	$	74
Cost of sales	16,17		**2**		6
Gross margin			**(1)**		68
Expenses					
Selling	17		**4**		74
General and administrative	17		**836**		850
			840		924
Loss before the undernoted			**(841)**		(856)
Other gains (expenses)					
Finance income			**3**		3
Finance cost			**(441)**		(271)
Foreign exchange gain			**21**		23
Legal settlement	21		**34**		490
Loss on disposal of property and equipment			**-**		(92)
			(383)		153
Loss from continuing operations			**(1,224)**		(703)
Discontinued Operations					
Income from discontinued operations	8		**-**		2,637
Total income (loss)			**(1,224)**		1,934
Other comprehensive income (loss)					
Unrealized gain on translation of foreign operations, classified as discontinued operations			**-**		135
Reclassification of realized gain on translation of foreign operations sold, classified as discontinued operations			**-**		(225)
Other comprehensive loss			**-**		(90)
Total comprehensive income (loss)		**$**	**(1,224)**	$	1,844
Loss per share from continuing operations					
Basic and diluted	15	**$**	**(0.05)**	$	(0.03)
Income (loss) per share attributable to shareholders					
Basic and diluted	15	**$**	**(0.05)**	$	0.08
Weighted average number of shares outstanding					
Basic and diluted (in thousands)	15		**23,975**		23,975

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

ONEnergy Inc.

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

	Share capital (note 15)										
	Shares		Amount		Deficit		Contributed surplus		Accumulated other comprehensive income		Shareholders' deficiency
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 15)	-		-		-		8		-		8
Balance as at December 31, 2019	**23,975**	**$**	**39,236**	**$**	**(46,821)**	**$**	**1,434**	**$**	**-**	**$**	**(6,151)**
Balance as at January 1, 2020	23,975	$	39,236	$	(46,821)	$	1,434	$	-	$	(6,151)
Total loss for the year	-		-		(1,224)		-		-		(1,224)
Balance as at December 31, 2020	**23,975**	**$**	**39,236**	**$**	**(48,045)**	**$**	**1,434**	**$**	**-**	**$**	**(7,375)**

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		**2020**		2019
Cash flows from the following:					
Operating activities					
Loss from continuing operations		**$**	**(1,224)**	$	(703)
Items not affecting cash					
Depreciation of property and equipment			**-**		44
Loss on disposal of property and equipment			**-**		92
Finance costs			**441**		271
Unrealized foreign exchange gain			**(19)**		-
Stock based compensation	15		**-**		8
Government assistance on CEBA term loan	14		**(19)**		-
Cash flows used in operating activities of discontinued operations			**-**		(3,687)
Change in non-cash operating assets and liabilities	18		**248**		(571)
Cash used in operating activities			**(573)**		(4,546)
Investing activities					
Decrease (increase) in restricted cash			**38**		(38)
Proceeds from disposal of property and equipment			**-**		111
Decrease (increase) in lease receivable			**80**		(101)
Cash flows used in investing activities of discontinued operations			**-**		(5,739)
Cash provided by (used in) investing activities			**118**		(5,767)
Financing activities					
Finance costs recovered (paid)			**(163)**		35
Increase in advances from Cricket Energy Holdings Inc.			**-**		130
Proceeds from promissory note payable	12		**433**		1,465
Proceeds from due to related party			**-**		80
Repayment of lease liability			**(112)**		(106)
Proceeds from CEBA term loan	14		**60**		-
Cash flows provided by financing activities of discontinued operations			**-**		9,235
Cash provided by financing activities			**218**		10,839
Effect of foreign currency translation			**-**		(230)
Increase (decrease) in cash			**(237)**		296
Cash, beginning of year			**351**		55
Cash, end of year		**$**	**114**	$	351

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. ("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"), until they were sold effective March 4, 2019.

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

The Company is currently looking for business opportunities. Prior to 2020, ONEnergy operated in the Gas & Power and Energy Efficiency (as described below) businesses. The Company's Gas & Power business involved 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 for additional information.

Under its Energy Efficiency business, the Company provides a variety of products and services under the ONEnergy™ brand to help customers minimize their energy consumption. During the first quarter of 2019, the Company determined the Energy Efficiency business was no longer viable and ceased actively pursuing new business.

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

On May 6, 2019 the Ontario Securities Commission ("OSC") issued a cease trade order (the "Cease Trade Order") against the Company pursuant to National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* and its securities have been halted from trading on the Exchange. The Company did not file its audited financial statements, officer certifications, and management discussion and analysis ("Annual Filings") for 2018 by the filing deadline of April 30, 2019. On December 1, 2020, the Company filed its 2018 Annual Filings. On December 18, 2020, the Company filed its interim financial statements, officer certifications, and related management discussion and analysis (collectively, the "Interim Filings") for the interim periods ended March 31, 2019, June 30, 2019 and September 30, 2019. On March 3, 2021, the Company filed its 2019 Annual Filings. On March 17, 2021, the Company filed its Interim Filings for the interim periods ended March 31, 2020, June 30, 2020 and September 30, 2020. As of March 17, 2021, the Company has addressed all outstanding filing deficiencies and intends to apply to the OSC for revocation of the Cease Trade Order.

These consolidated financial statements were approved for issue by the Board of Directors on April 29, 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, 2020, the Company has an accumulated deficit of $48,045 (December 31, 2019 - $46,821), including a total loss of $1,224 for the year ended December 31, 2020 (total loss of $2,274 for the year ended December 31, 2019, excluding a $4,208 gain on disposal of net assets). ONEnergy will need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations without future financing. If adequate funds are not available or the Company is unable to find and develop profitable business opportunities, 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. The results of operations disposed during the year are included in the consolidated statement of comprehensive income (loss) up to the date of disposal.

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 other counterparties as required collateral in order to operate in certain markets or for other financial assurance programs.

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.

Leases

The Company's accounting policies or leases are set out in note 7.

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16, *Leases*.

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 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.

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

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.

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

Financial asset	Classification
Cash	Amortized cost
Restricted cash	Amortized cost
Other receivables	Amortized cost
Lease receivable	Amortized cost

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

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, note payable to C Wave Power & Gas Inc. and CEBA term loan 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
Advances from Cricket Energy Holdings Inc.	Other financial liabilities
Lease liability	Other financial liabilities
Promissory note payable	Other financial liabilities
Note payable to C Wave Power & Gas Inc.	Other financial liabilities
CEBA term loan	Other financial liabilities

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.

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 U.S. based Gas & Power operations is the U.S. dollar. The functional currency of the Company's Canadian based Gas & Power, 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).

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.

Government assistance

Government assistance received by the Company for the purpose of subsidizing certain expenses is recognized in the statements of comprehensive income (loss) on a systematic basis in which the expenses are recognized.

Government assistance received in the form of a loan is recognized as indebtedness until the criteria for forgiveness is reasonably assured to be met.

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:

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.

COVID-19 impact

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, the Company’s ability to source and transact on new business opportunities may be impacted by these emergency measures. Also, global equity markets have experienced significant volatility and weakness. Accordingly, it is not possible to reliably estimate the length and severity of these developments and its impact on the financial results and condition of the Company and its ability to finance its operations.

4. 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. Prior to its discontinued operations (note 8), 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.

5. Other receivables

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency (“CRA”).

(In thousands of Canadian dollars, except per share amounts)

6. Property and equipment

As at December 31, 2020

	Computer hardware	Office furniture and equipment	Leasehold improvement	Right-of-use lease building	Total property and equipment
Cost					
Balance at January 1, 2020	$ 89	$ -	$ -	$ -	$ 89
Additions	-	-	-	-	-
Disposals and write-downs	-	-	-	-	-
Balance at December 31, 2020	**89**	**-**	**-**	**-**	**89**
Accumulated depreciation					
Balance at January 1, 2020	89	-	-	-	89
Depreciation	-	-	-	-	-
Disposals and write-downs	-	-	-	-	-
Balance at December 31, 2020	**89**	**-**	**-**	**-**	**89**
Net book value					
As at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

7. Leases

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.

(In thousands of Canadian dollars, except per share amounts)

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; and
- 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.

The continuity of lease liability is as follows:

Years ended December 31		**2020**		2019
Opening balance	**$**	**141**	$	247
Interest expense		**4**		9
Lease payments		**(116)**		(115)
	$	**29**	$	141
Less: current portion		**(29)**		(112)
	$	**-**	$	29

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.

The continuity of lease receivable is as follows:

Years ended December 31		**2020**		2019
Opening balance	**$**	**101**	$	-
Additions		**-**		142
Interest income		**3**		4
Sublease receipts		**(83)**		(45)
	$	**21**	$	101
Less: current portion		**(21)**		(80)
	$	**-**	$	21

(In thousands of Canadian dollars, except per share amounts)

Other transactions related to leases are as follows:

Years ended December 31	**2020**	2019
Short-term lease expense	**$ -**	$ 21
Expense relating to variable lease payments not included in the measurement of lease liabilities	**138**	132
Reduction of expense relating to variable lease payments not included in the measurement of lease receivable	**(138)**	(60)

8. Discontinued operations

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. 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 year ended December 31, 2019.

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.

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 Energy Credit Facility and other adjustments pursuant to the terms of the definitive agreements under the C Wave transaction, the C Wave Transaction resulted in a note payable to C Wave of US$691 plus accrued interest. See note 13 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 licenses were not renewed when they expired at the end of 2019.

The results of Gas & Power are presented below:

Year ended December 31	2019
Revenue	$ 7,137
Cost of sales	7,411
Gross margin	(274)
Expenses	
Selling	89
General and administrative	1,162
	1,251
Loss before the undernoted	(1,525)
Other gains (expenses)	
Change in fair value of derivative instruments (note 23)	(949)
Finance income	21
Finance cost	(80)
Foreign exchange gain	1
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

(In thousands of Canadian dollars, except per share amounts)

Income from discontinued operations	$	2,637

Income per share from discontinued operations		
Basic and diluted	$	0.11

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 major categories of expenses are as follows:

Year ended December 31		2019
Cost of gas and electricity	$	7,411
Selling cost		132
Personnel		528
Professional fees		438
Occupancy		2
Office and other expenses		151
	$	8,662

Year ended December 31		2019
Reported as		
Cost of sales	$	7,411
Selling		89
General and administrative		1,162
	$	8,662

9. Accounts payable and accrued liabilities

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

As at December 31		**2020**		2019
Accounts payable	**$**	**1,156**	$	1,205
Accrued liabilities		**840**		558
Total	**$**	**1,996**	$	1,763

10. Credit facility

On November 20, 2013, Gas & Power entered into agreements with Shell Energy North America ("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.

(In thousands of Canadian dollars, except per share amounts)

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%. 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. 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 Energy credit agreements, however no amounts were outstanding under any credit facility.

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 8 for additional information. No participation payment was required under the Canadian Termination Agreement.

11. Advances from Cricket Energy Holdings Inc.

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

12. Promissory note payable

As at December 31		**2020**		2019
Principal	**$**	**3,800**	$	3,367
Accrued interest payable		**547**		296
	$	**4,347**	$	3,663

During 2018, the Company entered into agreements to issue $1,402 of promissory notes (the "Promissory Notes"). The Promissory Notes are unsecured, bear interest at 10% or 12% per annum, matured on April 30, 2019 and are now due on demand. The principal and corresponding interest on $30 of the Promissory Notes were repaid in August 2018. During 2019, the Company entered into agreements to issue an additional $2,145 of Promissory Notes, including $530 of due to related party restructured as promissory notes in October 2019. The Promissory Notes are unsecured, bear interest at 10% or 20% per annum, matured on May 31, 2019 or October 31, 2019 and are now due on demand. The principal and corresponding interest on $150 of the Promissory Notes were repaid in October 2019. During 2020, the Company entered into agreements to issue an additional $838 of Promissory Notes. The Promissory Notes are unsecured, bear interest at 10% per annum and matured in January 2021 or March 2021 and are now due on demand. The principal and corresponding interest on $405 of the Promissory

(In thousands of Canadian dollars, except per share amounts)

Notes were repaid in September 2020. At December 31, 2020, Promissory Notes included $2,576 (December 31, 2019 – $1,790) advanced by the Chairman of the Board of Directors (the "Chairman") and $1,000 (December 31, 2019 - $1,405) advanced by a corporation controlled by another director.

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

As at December 31		**2020**		2019
Principal	**$**	**879**	$	897
Accrued interest payable		**48**		24
	$	**927**	$	921

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

The Company closed its sale of U.S. Gas & Power to C Wave on March 4, 2019, resulting in a note payable of US$691 to C Wave after working capital adjustments, repayment of the Shell Energy Credit Facility and other adjustments pursuant to the terms of the definitive agreements under the C Wave Transaction; see note 8 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. CEBA term loan

As at December 31		**2020**		2019
Principal	**$**	**60**	$	-
Less: unamortized below-market interest benefit		**(17)**		-
	$	**43**	$	-

In May 2020, the Company applied for and received a $40 term loan under the Canada Emergency Business Account (the "CEBA term loan"), which is one of the Canadian government's COVID-19 economic recovery measures. The CEBA term loan is non-interest bearing for the initial term ending on December 31, 2022 (the "Initial Term"). If 75% of the CEBA term loan is repaid by the end of the Initial Term, then the remaining 25% will be forgiven. If the CEBA term loan is not fully repaid by the end of the Initial Term, then the unpaid balance will bear interest at the rate of 5% per annum, payable monthly, and will mature on December 31, 2025. A below-market interest benefit on the CEBA term loan of $13 was recognized as government assistance in May 2020. On December 4, 2020, the Canadian government increased the maximum amount available under the CEBA term loan to $60 from $40. The Company applied for and received the additional amount of $20 on December 21, 2020. A below-market interest benefit on the additional CEBA term loan of $6 was recognized as government assistance in December 2020.

15. 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, 2020 and December 31, 2019	**23,975**	**$ 39,236**

(c) Stock option plans

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

	Weighted average remaining contractual life	Number of options (in thousands)		Weighted average exercise price
Outstanding as at January 1, 2019	4.82	650	$	1.25
Granted		-		-
Forfeited		(17)		0.94
Outstanding as at December 31, 2019	3.78	633		1.26
Granted		-		-
Forfeited		(7)		0.60
Outstanding as at December 31, 2020	**2.76**	**626**	**$**	**1.26**
Exercisable as at December 31, 2019	3.78	633		1.26
Exercisable as at December 31, 2020	**2.76**	**626**	**$**	**1.26**

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the years ended December 31, 2020 and December 31, 2019.

(d) Income (loss) per share

Years ended December 31		**2020**		2019
Loss from continuing operations	**$**	**(1,224)**	$	(703)
Income (loss) attributable to shareholders	**$**	**(1,224)**	$	1,934
Weighted average number of shares outstanding (in thousands)		**23,975**		23,975
Basic and diluted loss per share from continuing operations	**$**	**(0.05)**	$	(0.03)
Basic and diluted income (loss) per share attributable to shareholders	**$**	**(0.05)**	$	0.08

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, 2020, of 626 (December 31, 2019 – 633) and Deferred Share Units ("DSUs"), as at December 31, 2020, of 716 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 no DSUs to a director during the year ended December 31, 2020 (2019 – 50).

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

	Deferred share unit (in thousands)		Weighted average grant price
Outstanding as at January 1, 2019	666	$	0.36
Granted	50		0.20
Outstanding as at December 31, 2019	716		0.35
Granted	-		-
Outstanding as at December 31, 2020	**716**	**$**	**0.35**

(In thousands of Canadian dollars, except per share amounts)

During the year ended December 31, 2020 the Company recorded compensation expense of $NIL (2019 – a recovery of compensation expense of $90) related to the DSUs granted. As at December 31, 2020, a liability of $43 (December 31, 2019 - $43) related to the DSUs granted is included in accounts payable and accrued liabilities (note 9).

16. Segment disclosure

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

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

For the year ended December 31, 2020

	Gas & Power	Corporate and Others	Consolidated
Revenue	$ -	$ 1	$ 1
Cost of sales	-	2	2
Gross margin	-	(1)	(1)
Selling	-	4	4
General and administrative	-	836	836
Loss before the undernoted	-	(841)	(841)
Finance income	-	3	3
Finance cost	-	(441)	(441)
Foreign exchange gain	-	21	21
Legal settlement	-	34	34
Loss for the year	**$ -**	**$ (1,224)**	**$ (1,224)**

For the year ended December 31, 2019

	Gas & Power	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
Loss on disposal of property and equipment	-	(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**

(In thousands of Canadian dollars, except per share amounts)

Geographic information

Revenue from total operations from external customers:

Years ended December 31		**2020**		2019
Canada	**$**	**1**	$	1,107
United States		**-**		6,104
	$	**1**	$	7,211

17. Expenses

Years ended December 31		**2020**		2019
Cost of equipment sales	**$**	**2**	$	6
Selling cost		**22**		12
Personnel		**298**		518
Professional fees		**430**		189
Litigation costs (note 21(a))		**-**		(208)
Occupancy		**-**		93
Office and other expenses		**90**		276
Depreciation and amortization		**-**		44
	$	**842**	$	930

Years ended December 31		**2020**		2019
Reported as				
Cost of sales	**$**	**2**	$	6
Selling		**4**		74
General and administrative		**836**		850
	$	**842**	$	930

Personnel expenses were reduced by government assistance received under: (i) the Canada Emergency Wage Subsidy (“CEWS”); and (ii) the amount of the below-market interest benefit recognized on the CEBA term loan, both of which are two of the Canadian government’s COVID-19 economic recovery measures. During the year ended December 31, 2020, the Company recognized $54 of government assistance received under the CEWS program. During the year ended December 31, 2020, the Company recognized $19 of government assistance related to the below-market interest benefit on the CEBA term loan; see note 14 for additional information.

18. Supplemental cash flow information

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

Years ended December 31		**2020**		2019
Other receivables	**$**	**4**	$	51
Natural gas delivered in excess of consumption		**2**		(2)
Prepaid expenses and deposits		**9**		(9)
Accounts payable and accrued liabilities		**233**		(742)
Impact of adopting IFRS 16		**-**		131
	$	**248**	$	(571)

19. 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		**2020**		2019
Salaries, fees, separation payments and short-term employee benefits	**$**	**284**	$	525

(In thousands of Canadian dollars, except per share amounts)

(b) Promissory note payable

Included in the Promissory Notes is $2,576 advanced by the Chairman and $1,000 advanced by a corporation controlled by another director. See note 12 for additional information.

20. 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		**2020**		2019
Loss from continuing operations before income taxes	**$**	**(1,224)**	$	(703)
Statutory income tax rate		**26.5%**		26.5%
Income tax recovery at combined Federal and Provincial rates	**$**	**(324)**	$	(186)
Increase (decrease) in income tax resulting from:				
Non-deductible expenses or items not included in income		**10**		(15)
Change in unrecognized deferred tax assets		**463**		2,579
Impact of Ontario Gas & Power no longer held for sale		**-**		(2,331)
Other		**(149)**		(47)
Income tax expense	**$**	**-**	$	-

Deferred tax assets have not been recognized for the following:

Years ended December 31		**2020**		2019
Non-capital tax loss carry-forwards	**$**	**45,316**	$	44,818
Excess of tax over book basis		**2,816**		2,851
	$	**48,132**	$	47,669

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		3,640
2038		1,191
2039		1,423
2040		1,214
	$	171,003

21. Commitments and contingencies

(a) Contingencies

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

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

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

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

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

(ii) Statement of Claim against Gerald McGoey:

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

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

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

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

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

22. 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 and promissory note payable.

(In thousands of Canadian dollars, except per share amounts)

23. Financial instruments and risk management

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

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

Credit risk

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

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

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

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

Liquidity risk

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

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

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, credit facility, advances from Cricket, promissory note payable, note payable to C Wave Power & Gas Inc., lease liability, CEBA term loan and commitments. The payments due by period are set out in the following table:

As at December 31, 2020

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 1,996	$ -	$ -	**$ 1,996**
Advances from Cricket Energy Holdings Inc.	208	-	-	**208**
Promissory note payable	4,347	-	-	**4,347**
Note payable to C Wave Power & Gas Inc.	927	-	-	**927**
Lease liability	29	-	-	**29**
CEBA term loan	-	60	-	**60**
	$ 7,507	**$ 60**	**$ -**	**$ 7,567**

(In thousands of Canadian dollars, except per share amounts)

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**

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, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 114	$ -	$ -	$ 114
Other receivables	-	7	-	7
Lease receivable	-	21	-	21
Financial liabilities				
Accounts payable and accrued liabilities	-	(1,996)	-	(1,996)
Advances from Cricket Energy Holdings Inc.	-	(208)	-	(208)
Lease liability	-	(29)	-	(29)
Promissory note payable	-	(4,347)	-	(4,347)
Note payable to C Wave Power & Gas Inc.	-	(927)	-	(927)
CEBA term loan	-	(43)	-	(43)
	$ 114	**$ (7,522)**	**$ -**	**$ (7,408)**

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

(In thousands of Canadian dollars, except per share amounts)

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		**2020**		2019
Balance, beginning of period	**$**	**-**	$	966
Settlements		**-**		(966)
Balance, end of period	**$**	**-**	$	-

Classification of financial assets and liabilities

As at December 31, 2020 and December 31, 2019 the carrying value of cash, restricted cash, other receivables, lease receivable, accounts payable and accrued liabilities, credit facility, advances from Cricket Energy Holdings Inc., lease liability, promissory note payable and note payable to C Wave Power & Gas Inc. approximates their fair value due to their short-term nature. The carrying value of the CEBA term loan approximates its fair value as the interest payable on outstanding amounts approximates the Company's current cost of debt.

Interest rate risk

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

Currency risk

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

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

24. 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.

25. Subsequent Events

Non-convertible debt financing

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

- $210 of additional Promissory Notes were issued to the Chairman, bearing interest at 10% per annum.