Management’s Discussion and Analysis of Financial Condition and Results of Operations of

ONEnergy Inc.

As at and for the year ended December 31, 2021

April 27, 2022

As at and for the year ended December 31, 2021

April 27, 2022

1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis of financial condition and results of operations ("MD&A") includes forward-looking statements and information concerning expected future events, the future performance of ONEnergy Inc. ("ONEnergy" or the "Company"), its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations.

The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions, or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company.

Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) human resources developments including competition for, and the availability of, qualified employees and contractors, (iii) business integrations and internal reorganizations, (iv) business process risks including the use of, and reliance on, external vendors and contractors, (v) the outcome of litigation and legal matters, (vi) any prospective acquisitions or divestitures, (vii) other risk factors related to the Company's historic business, (viii) risk factors related to the Company's future operations, and (ix) changes to and compliance with applicable laws and regulations. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see *Section 5 Corporate Strategy* and *Section 16 Operating Risks and Uncertainties*.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

All financial information in this MD&A is expressed in thousands of Canadian dollars, unless otherwise noted. All references to the "Company" or "ONEnergy" refer to ONEnergy Inc., including its predecessor and successor companies, and its consolidated subsidiaries, unless the context requires otherwise. All information is as at April 27, 2022, unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

2. INTRODUCTION

The information provided in this MD&A is intended to help the reader understand ONEnergy's operations, financial performance and present and future business environment. This MD&A is supplementary to, and should be read in conjunction with the audited consolidated financial statement for the year ended December 31, 2021. The following MD&A, dated April 27, 2022, has been prepared with all information available up to and including April 27, 2022. ONEnergy's audited consolidated financial statements and other disclosure documents are available on www.sedar.com and on ONEnergy's website at www.onenergyinc.com.

The audited annual consolidated financial statements of ONEnergy are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The audited annual consolidated financial statements of ONEnergy are presented in thousands of Canadian dollars.

3. THE COMPANY

ONEnergy is a corporation continued under the *Business Corporations Act* (Ontario). The names "ONEnergy" and the "Company" all refer to the same legal entity and the use of each are dependent upon the context of the topic covered in this MD&A.

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. ONEnergy's head office is located in Toronto, Ontario, Canada.

The Company is comprised of ONEnergy, and its wholly-owned subsidiaries including:

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

In this MD&A, the terms "we", "us", "our", and "Company" refer to ONEnergy, Gas & Power and PVL.

4. SIGNIFICANT EVENTS

(a) Gas & Power bankruptcy

On February 23, 2022, Gas & Power filed an assignment into bankruptcy pursuant to the Bankruptcy and Insolvency Act ("BIA"). A. Farber & Partners Inc. ("Farber") was appointed trustee of the bankruptcy estate. Gas & Power's liabilities (net of assets) as at December 31, 2021 were $1,155 including a note payable (the "C Wave Note") of $947 (US$747) due to C Wave Power & Gas Inc. ("C Wave").

On March 2, 2022, C Wave filed a Motion for Summary Judgment in Lieu of Complaint (the "Motion") with the Supreme Court of the State of New York (the "Court") against the Company and Gas & Power (collectively the "Defendants"). The Motion seeks a summary judgment against the Defendants for $947 (US$747) plus interest and reasonable costs until the judgment is paid. Gas & Power filed a petition under chapter 15 of title 11 of the United States Code to have the assignment into bankruptcy in Canada recognized in the United States. The Defendants have until May 10, 2022 to respond to the Motion.

(b) Transfer of listing to NEX

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.

(c) Cease Trade Order

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 were halted from trading on the Exchange. As of March 17, 2021, the Company addressed all outstanding filing deficiencies and on April 28, 2021 applied to the OSC for revocation of the Cease Trade Order. On August 18, 2021, the OSC granted a full revocation of the Cease Trade Order and the Company's securities resumed trading on September 10, 2021.

(d) 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, 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.

(e) Non-convertible debt financing

During 2022, the Company entered into the following financing transactions:

- $235 of additional Promissory Notes were issued to Stephen J.J. Letwin, a shareholder and the Chairman of the Board of Directors (the "Chairman"), bearing interest at 10% per annum.

(f) Canada Emergency Wage Subsidy

The Company applied for and received benefits under the Canada Emergency Wage Subsidy ("CEWS"), which is one of the Canadian government's COVID-19 economic recovery measures. During the year ended December 31, 2021, the Company recognized $40 of government assistance received under the CEWS program (2020 – $54).

(g) CEBA term loan

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. On January 12, 2022, the Canadian government extended the Initial Term to December 31, 2023.

5. CORPORATE STRATEGY

ONEnergy divested or exited its operating businesses in 2018 and 2019. The Company is currently pursuing potential business opportunities but has not entered into any agreements.

As at December 31, 2021, the Company has an accumulated deficit of $49,506 (December 31, 2020 - $48,045), including a total loss of $1,461 for the year ended December 31, 2021 (total loss of $1,224 for the year ended December 31, 2020). 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.

6. SELECTED ANNUAL INFORMATION

Years ended December 31		**2021**		2020		2019
Revenue	**$**	**-**	$	1	$	74
Loss from continuing operations		**(1,461)**		(1,224)		(703)
Income from discontinued operations		**-**		-		2,637
Total income (loss)		**(1,461)**		(1,224)		1,934
Total comprehensive income (loss)		**(1,461)**		(1,224)		1,844
Loss per share from continuing operations, basic and diluted		**(0.06)**		(0.05)		(0.03)
Total assets		**67**		175		545
Total non-current financial liabilities		**47**		43		29

2021 vs 2020

Loss from continuing operations was $1,461 in 2021 compared to loss from continuing operations of $1,224 in 2020.

The Company's assets are comprised primarily of its cash, other receivables and prepaid expenses and deposits.

The Company's non-current financial liabilities are comprised of the CEBA term loan.

2020 vs 2019

Revenue decreased due to the decision to cease actively pursuing new Energy Efficiency business during the first quarter of 2019.

Loss from continuing operations was $1,224 in 2020 compared to loss from continuing operations of $703 in 2019.

The Company's assets are comprised primarily of its cash, other receivables, prepaid expenses and deposits and lease receivable.

The Company's non-current financial liabilities are comprised of lease liability and CEBA term loan.

7. RESULTS OF OPERATIONS

Selected financial information

Years ended December 31		**2021**		2020
Loss and comprehensive loss				
Revenue	**$**	**-**	$	1
Cost of sales		**-**		2
Gross margin		**-**		(1)
Selling		**-**		4
General and administrative		**1,037**		836
Finance income		**-**		3
Finance cost		**(462)**		(441)
Foreign exchange gain		**4**		21
Legal settlement		**34**		34
Total loss		**(1,461)**		(1,224)
Total loss per share – basic and diluted		**(0.06)**		(0.05)

As at December 31		**2021**		2020
Financial position				
Current assets	**$**	**67**	$	175
Current liabilities		**8,856**		7,507
Non-current liabilities		**47**		43
Shareholders' deficiency		**(8,836)**		(7,375)

Revenue

Revenue for the year ended December 31, 2020 was related to residual cash receipts for Gas & Power.

Cost of sales

Cost of sales for the year ended December 31, 2020 was related to the final settlement of natural gas deliveries for Gas & Power.

Selling

Selling expenses for the year ended December 31, 2020 were related to residual commissions for Gas & Power.

General and administrative

General and administrative expenses include personnel costs, professional fees, information technology and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

Years ended December 31	**2021**	2020
Personnel	**$ 374**	$ 298
Professional fees	**503**	430
Other expenses	**160**	108
Total general and administrative expenses	**$ 1,037**	$ 836

Personnel

Personnel costs include wages, salaries, benefits, separation payments and share-based payments. Personnel costs increased by $76 for the year ended December 31, 2021 compared to the year end December 31, 2020 primarily due to a decrease in government assistance received, as discussed below, and an increase in directors fees as a result of more meetings held in 2021 as compared to 2020 combined with a higher fair value adjustment of deferred share units.

Personnel expenses were reduced by government assistance received under: (i) the CEWS program; and (ii) the amount of the below-market interest benefit recognized on the CEBA term loan. During the year ended December 31, 2021, the Company recognized $40 of government assistance received under the CEWS program (2020 – $54). 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 *Section 4 Significant Events* for additional information.

Professional fees

Professional fees are comprised of legal, accounting, audit and consulting fees. Professional fees increased by $73 for the year ended December 31, 2021 compared to the year ended December 31, 2020 primarily due to an increase in business development activity.

Other expenses

Other expenses include public company costs, insurance costs and other general & administrative costs. Other expenses increased by $52 for the year ended December 31, 2021 compared to the year ended December 31, 2020 primarily due to costs for the annual general meeting, which was not held in 2020, and increased travel and entertainment costs associated with an increase in business development activity in 2021.

Finance income

Interest income for the year ended December 31, 2021 was comparable to the year ended December 31, 2020.

Finance costs

Finance costs increased by $21 for the year ended December 31, 2021 compared to the year ended December 31, 2020, primarily due to an increase in promissory notes payable.

Legal settlement

On July 20, 2020, the Company received a $34 distribution from the bankruptcy estate of the McGoey Defendants (as defined in *Section 15 Former Officer and Director Litigation*). On May 17, 2021, the Company received an additional $34 distribution from the bankruptcy estate of the McGoey Defendants. See *Section 15 Former Officer and Director Litigation* for additional information.

Total loss

Total loss amounted to $1,461 or $0.06 per basic and diluted share for the year ended December 31, 2021 compared to $1,224 or $0.05 per basic and diluted share for the year ended December 31, 2020.

8. ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("ADJUSTED EBITDA")

Management views Adjusted EBITDA as an important measure of operating performance of the Company. However, since Adjusted EBITDA does not have any standardized meaning prescribed by IFRS, it may not be considered in isolation of IFRS measures such as (1) net loss, as an indicator of operating performance, or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets while allowing us to compare our business to our peers and competitors. This measure is not a defined term under IFRS and might not be comparable to similar measures presented by other issuers.

The following table reconciles Adjusted EBITDA to total loss for the respective periods as determined under IFRS:

Years ended December 31	**2021**	2020
Total loss	**$ (1,461)**	$ (1,224)
Add/(subtract)		
Finance income	**-**	(3)
Finance costs	**462**	441
Foreign exchange gain	**(4)**	(21)
Legal settlement	**(34)**	(34)
Adjusted EBITDA	**$ (1,037)**	$ (841)

9. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

	2021				2020			
	Dec 31	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	**$ -**	**$ -**	$ -	$ -	$ -	$ -	$ 1	$ -
Cost of sales	**-**	**-**	-	-	-	-	-	2
Gross margin	**-**	**-**	-	-	-	-	1	(2)
Operating expenses before the undernoted	**301**	**215**	235	286	256	188	194	202
Adjusted EBITDA	**(301)**	**(215)**	(235)	(286)	(256)	(188)	(193)	(204)
Finance income	**-**	**-**	-	-	-	1	1	1
Finance costs	**(120)**	**(117)**	(114)	(111)	(104)	(118)	(113)	(106)
Foreign exchange gain (loss)	**5**	**(30)**	16	13	51	24	47	(101)
Legal settlement	**-**	**-**	34	-	-	34	-	-
Total loss	**$ (416)**	**$ (362)**	$ (299)	$ (384)	$ (309)	$ (247)	$ (258)	$ (410)
Total loss per share Basic and diluted	**$ (0.02)**	**$ (0.01)**	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)

Analysis of the Fourth Quarter

Operating expenses

Operating expenses, excluding depreciation and amortization, for the three months ended December 31, 2021 were $301 compared to $256 for the three months ended December 31, 2020, primarily due to increased travel and entertainment costs associated with an increase in business development activity in 2021.

Finance costs

Finance costs were $120 for the three months ended December 31, 2021 compared to $104 for the three months ended December 31, 2020, primarily due to an increase in promissory notes payable.

Total loss

Total loss amounted to $416 or $0.02 per basic and diluted share for the three months ended December 31, 2021 compared to $309 or $0.01 per basic and diluted share for the three months ended December 31, 2020.

10. LIQUIDITY AND CAPITAL RESOURCES

The following sources of funding for future expenditures are expected by management to be available: (i) existing cash and working capital; (ii) internally generated cash flow from operations; (iii) financing provided by related parties; (iv) external debt financing; and (v) new equity capital through the issuance of additional shares.

The Company's total cash liquidity is $33 as at December 31, 2021 (December 31, 2020 – $114). The Company divested or exited its operating businesses and is unable to generate sufficient amounts of cash, both in the short term and long term. As a result, the Company receives periodic cash advances from the Chairman to support working capital needs and to fund business development activities as they arise. During the year ended December 31, 2021, the Company received $510 of cash advances from the Chairman. See *Section 14 Related Party Transactions* for additional information.

The change in cash is summarized as follows:

Years ended December 31	**2021**	2020
Cash used in operating activities	**$ (582)**	$ (573)
Cash provided by (used in) investing activities	**21**	118
Cash provided by financing activities	**480**	218
Decrease in cash	**$ (81)**	$ (237)

Cash used in operating activities for the year ended December 31, 2021 was $582 compared to cash used in operating activities of $573 for the year ended December 31, 2020, an increase of $9. The increase was comprised of an increase in total loss of $237 offset by an increase in the change in non-cash operating assets and liabilities increasing by $173, finance costs increasing by $21, unrealized foreign exchange gain decreasing by $15 and Government assistance on CEBA term loan decreasing by $19.

Cash provided by investing activities for the year ended December 31, 2021 was $21 compared to cash provided by investing activities of $118 for the year ended December 31, 2020. The provision of cash in 2021 was comprised of a decrease in lease receivable of $21. The provision of cash in 2020 was comprised of a decrease in restricted cash of $38 and a decrease in lease receivable of $80.

Cash provided by financing activities for the year ended December 31, 2021 was $480 compared to cash provided by financing activities of $218 for the year ended December 31, 2020. The provision of cash in 2021 was comprised of proceeds from promissory notes payable of $510 offset by finance costs paid of $1 and repayments of lease liability of $29. The provision of cash in 2020 was comprised of total proceeds from promissory notes payable of $433 and proceeds from CEBA term loan of $60 offset by finance costs paid of $163 and repayments of lease liability of $112.

11. SHARE CAPITAL

As at December 31, 2021 there were 23,975 Common Shares issued and outstanding (December 31, 2020 – 23,975).

In determining diluted loss per share for the years ended December 31, 2021 and 2020, the weighted average number of shares outstanding was not increased for stock options outstanding as they are considered anti-dilutive.

12. STOCK BASED COMPENSATION

Stock option plans

Stock option costs are recognized as selling expenses and general and administrative expenses and recorded in contributed surplus.

The Company did not grant any options to purchase Common Shares of the Company during the years ended December 31, 2021 and 2020.

Deferred share units

Deferred share units ("DSUs") are recognized as general and administrative expenses and recorded as current liabilities.

The Company did not grant DSUs during the years ended December 31, 2021 and 2020.

13. TAX LOSSES

The Company's tax attributes may be utilized by the Company in its future operations, or may be utilized by a potential acquirer to offset income, provided certain tests are satisfied including those related to a change in control of the Company.

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	5,264
2035	3,295
2036	84
2037	3,640
2038	1,191
2039	1,402
2040	1,236
2041	1,387
	$ 172,389

14. 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	**2021**	2020
Salaries, fees, separation payments and short-term employee benefits	**$ 297**	$ 284

(b) Promissory notes payable

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 Notes were repaid in September 2020. During the year ended December 31, 2021, the Company entered into agreements to issue an additional $510 of Promissory Notes to the Chairman. The Promissory Notes are unsecured, bear interest at 10% per annum and are due on demand. At December 31, 2021, Promissory Notes included $3,086 (December 31, 2020 – $2,576) advanced by the Chairman and $1,000 (December 31, 2020 - $1,000) advanced by a corporation controlled by Ivan Bos, a shareholder and a director of the Company.

(c) Business development fees

During the year ended December 31, 2021, the Company recognized $245 (2020 – $205) of business development fees to Ivan Bos, a director of the Company, or his personal holding company. The business development fees were included in general and administrative expenses.

Included in accounts payable and accrued liabilities is $149 (December 31, 2020 – $80) payable to the Chairman, or his personal holding company, for reimbursement of expenses incurred on the Company's behalf; and $283 (December 31, 2020 – $158) payable to Ivan Bos, or his personal holding company, for business development fees and reimbursement of travel expenses.

15. FORMER OFFICER AND DIRECTOR LITIGATION

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. On May 17, 2021, the Trustee distributed additional funds from the estate and the Company received $34 as its share of proceeds. The Company expects notification from the Trustee on its share of the remaining proceeds, if any, in early 2022.

16. OPERATING RISKS AND UNCERTAINTIES

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 notes payable.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Risk Management Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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.

All of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with these institutions is not significant. The Company's maximum assessed exposure to credit risk, as at December 31, 2021 and 2020, 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, 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.

Contractual Obligations

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, advances from Cricket Energy Holdings Inc., promissory notes payable, note payable to C Wave Power & Gas Inc., lease liability and CEBA term loan. The payments due by period are set out in the following table:

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 2,411	$ -	$ -	**$ 2,411**
Advances from Cricket Energy Holdings Inc.	208	-	-	**208**
Promissory notes payable	5,290	-	-	**5,290**
Note payable to C Wave Power & Gas Inc.	947	-	-	**947**
CEBA term loan	-	60	-	**60**
	$ 8,856	**$ 60**	**$ -**	**$ 8,916**

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. dollar denominated liabilities.

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 fair values of short-term financial assets and liabilities, including cash, other receivables, lease receivable, accounts payable and accrued liabilities, advances from Cricket Energy Holdings Inc., lease liability, promissory notes payable and note payable to C Wave Power & Gas Inc., as presented in the consolidated statements of financial position, approximate their carrying amounts due to the short period to maturity of these financial instruments. The fair value of the CEBA term loan approximates its carrying value as the interest payable on outstanding amounts approximates the Company's current cost of debt.

17. OTHER RISK FACTORS

In addition to operating risks described in *Section 16 Operating Risks and Uncertainties* are other risk and uncertainties that ONEnergy can foresee. This list is not intended to be an exhaustive list, as some future risks may be yet unknown and other risks, currently regarded as immaterial, could turn out to be material.

We may suffer economic losses where risk management policies and programs do not work as planned.

The Company's risk management programs may not work as planned. In addition, unforeseen market disruptions could decrease market depth and liquidity, negatively impacting the Company's ability to enter into new transactions. Similarly, interest rates or foreign currency exchange rates could change in significant ways that the Company's risk management procedures were not designed to address. As a result, the Company cannot always predict the impact that its risk management decisions may have on its business if actual events result in greater losses or costs than predicted by the Company's risk models, or if there is greater than expected volatility in the Company's results of operations.

In addition, the Company's insurance coverage may not cover its total liabilities in connection with any indemnity obligations. The Company has indemnity obligations (including for legal expenses) for former and current directors, officers and employees. If the coverage under the Company's insurance policies is not available for all of these matters, the Company may have to self-fund the indemnification amounts owed to such directors and officers.

Our expansion strategy involves numerous risks that could impact our viability and harm our business.

The Company may require additional financing should an appropriate acquisition be identified and it may not have access to the funding required for the expansion of its business or such funding may not be available to the Company on acceptable terms. Future acquisitions or expansion could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on business, results of operations and financial condition. The failure to successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions could have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company will determine to pursue any acquisition or that such an opportunity, if pursued, will be successful.

The Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers.

As a public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, which could adversely affect our business and financial condition.

18. COMMITMENTS AND CONTINGENCIES

Contingencies

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

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.

19. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management’s discussion and analysis of financial condition and results of operations are made with reference to the Company’s audited consolidated financial statements for the year ended December 31, 2021 which have been prepared in accordance with IFRS. The Company’s significant accounting policies are summarized in detail in Note 2 of the Company’s audited consolidated financial statements for year ended December 31, 2021.

20. ADDITIONAL INFORMATION

Additional information regarding the Company’s financial statements and corporate documents is available on SEDAR at www.sedar.com and on the Company’s website at www.onenergyinc.com.

ONEnergy Inc.

SHAREHOLDER INFORMATION

Board of Directors

Chairman of the Board
Stephen J.J. Letwin
President & CEO, Mancal Corporation

Directors
Lawrence Silber
Partner, Kelly Santini LLP

Dr. Ivan Bos
President, Bos Veterinary Professional Corp.

Officers
Stephen J.J. Letwin
Chairman

Ray de Ocampo
Chief Financial Officer

Auditors
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Toronto, ON M5K 1H1
(416) 865-0200

Transfer Agent and Registrar
Computershare Investor Services Inc.
100 University Street, 8th Floor
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Stock exchange listing
ONEnergy's shares are listed on NEX Board of the TSX Venture Exchange under the symbol OEG.H